UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2025

or

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

For the transition period from _____ to _____

Commission File No. 001-40388

ANEBULO PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**85-1170950**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1017 Ranch Road 620 South, Suite 107 Lakeway, Texas	**78734**
(Address of principal executive offices)	**(Zip Code)**

(512) 598-0931
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ANEB	The Nasdaq Stock Market LLC

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 6, 2026, the registrant had 40,784,731 shares of common stock, par value $0.001 per share, outstanding.

Anebulo Pharmaceuticals, Inc.
Table of Contents

In this report, unless otherwise stated or as the context otherwise requires, references to "Anebulo Pharmaceuticals," "Anebulo," "Company," "we," "us," "our" and similar references refer to Anebulo Pharmaceuticals, Inc. The Anebulo logo, and other trademarks or service marks of Anebulo Pharmaceuticals, Inc. appearing in this report are the property of Anebulo Pharmaceuticals, Inc. This report also contains registered marks, trademarks and trade names of other companies. All other trademarks, registered marks and trade names appearing in this report are the property of their respective holders. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. These forward-looking statements about us and our industry involve substantial risks and uncertainties and our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under Part II, Item 1A, "Risk Factors" in this Quarterly Report and the "Risk Factors" as set forth in the Company's Annual Report on Form 10-K for the year ended June 30, 2025 filed with the Securities and Exchange Commission (the "SEC") on September 29, 2025 (the "2025 Form 10-K"). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "believe," "may," "could," "will," "estimate," "continue," "anticipate," "intend," "seek," "plan," "expect," "should," "would," "potentially" or the negative of these terms or similar expressions in this Quarterly Report.

We have based these forward-looking statements largely on our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These forward-looking statements include, but are not limited to, statements about:

- our expectations regarding our capital requirements, expenses and other operating results, and needs for additional financing;
- the timing or outcome of any of our regulatory submissions;
- our ability to obtain funding, including grant funding, especially in light of the fact that we currently intend to no longer be a public company;
- the timing and conduct of our clinical trials, including statements regarding the timing, progress and results of current and future nonclinical studies and clinical trials, and our research and development programs;
- the clinical utility, potential advantages and timing or likelihood of regulatory filings and approvals of selonabant (formerly ANEB-001);
- our expectations regarding future growth;
- our ability to obtain and maintain adequate intellectual property rights and adequately protect and enforce such rights;
- our ability to maintain our existing licensing arrangements and enter into and maintain other collaborations or licensing arrangements;
- our estimates regarding the commercial potential and market opportunity for our product candidates;
- the performance of our third-party suppliers and manufacturers;
- our ability to compete effectively with existing competitors and new market entrants;
- the impact on our business of economic or political events or trends; and
- the impact of governmental laws and regulations.

You should not place undue reliance on these forward-looking statements. Unless required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information or future events or developments. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. You should carefully read this Quarterly Report, including the section titled "Risk Factors" and the documents that we reference in this Quarterly Report and have filed as exhibits to this Quarterly Report as well as the 2025 Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this Quarterly Report by these cautionary statements.

PART I. FINANCIAL INFORMATION

Anebulo Pharmaceuticals, Inc.
Condensed Balance Sheets
(unaudited)

	December 31, 2025	June 30, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 9,041,570	$ 11,627,849
Grant receivable	56,783	73,218
Prepaid expenses	175,413	261,439
Total current assets	9,273,766	11,962,506
Other assets:		
Loan commitment fees	148,231	183,110
Total assets	$ 9,421,997	$ 12,145,616
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 554,862	$ 224,175
Accrued expenses	930,784	263,513
Total liabilities	1,485,646	487,688
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 2,000,000 shares authorized, no shares issued or outstanding at December 31, 2025 and June 30, 2025	-	-
Common stock, $0.001 par value; 75,000,000 shares authorized and 41,084,731 shares issued and outstanding at December 31, 2025 and June 30, 2025	41,086	41,086
Additional paid-in capital	85,941,523	85,505,349
Accumulated deficit	(78,046,258)	(73,888,507)
Total stockholders' equity	7,936,351	11,657,928
Total liabilities and stockholders' equity	$ 9,421,997	$ 12,145,616

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

Anebulo Pharmaceuticals, Inc.
Condensed Statements of Operations
(unaudited)

	Three Months Ended December 31,		Six Months Ended December,	
	2025	**2024**	**2025**	**2024**
Research and development	$ 1,164,737	$ 1,220,535	$ 1,974,728	$ 2,535,394
General and administrative	1,455,173	1,367,616	2,905,442	2,464,881
Total operating expenses	2,619,910	2,588,151	4,880,170	5,000,275
Loss from operations	(2,619,910)	(2,588,151)	(4,880,170)	(5,000,275)
Other (income) expenses:				
Interest expense	17,439	59,696	34,878	119,393
Interest income	(85,410)	(7,067)	(195,026)	(33,073)
Grant income	(552,576)	(177,703)	(562,401)	(423,065)
Other	34	(47)	130	236
Other income, net	(620,513)	(125,121)	(722,419)	(336,509)
Net loss	$ (1,999,397)	$ (2,463,030)	$ (4,157,751)	$ (4,663,766)
Weighted average common shares outstanding, basic and diluted	41,084,731	27,415,430	41,084,731	26,674,324
Net loss per share, basic and diluted	$ (0.05)	$ (0.09)	$ (0.10)	$ (0.17)

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

Anebulo Pharmaceuticals, Inc.
Condensed Statements of Stockholders' Equity
(unaudited)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance at June 30, 2024	25,933,217	$ 25,934	$ 69,190,341	$ (65,403,744)	$ 3,812,531
Stock-based compensation expense	-	-	286,920	-	286,920
Net loss	-	-	-	(2,200,736)	(2,200,736)
Balance at September 30, 2024	25,933,217	25,934	69,477,261	(67,604,480)	1,898,715
Issuance of common stock, net of offering costs of $37,597	15,151,514	15,152	14,947,251	-	14,962,403
Stock-based compensation expense	-	-	564,333	-	564,333
Net loss	-	-	-	(2,463,030)	(2,463,030)
Balance at December 31, 2024	41,084,731	41,086	84,988,845	(70,067,510)	14,962,421
Balance at June 30, 2025	41,084,731	41,086	85,505,349	(73,888,507)	11,657,928
Stock-based compensation expense	-	-	237,644	-	237,644
Net loss	-	-	-	(2,158,354)	(2,158,354)
Balance at September 30, 2025	41,084,731	$ 41,086	$ 85,742,993	$ (76,046,861)	$ 9,737,218
Stock-based compensation expense	-	-	198,530	-	198,530
Net loss	-	-	-	(1,999,397)	(1,999,397)
Balance at December 31, 2025	41,084,731	41,086	85,941,523	(78,046,258)	7,936,351

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

Anebulo Pharmaceuticals, Inc.
Condensed Statements of Cash Flows
(unaudited)

	Six Months Ended December 31,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (4,157,751)	$ (4,663,766)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	436,174	851,253
Amortization of loan commitment fee	34,879	119,393
Changes in operating assets and liabilities:		
Grant receivable	16,435	(30,756)
Prepaid expenses	86,026	47,524
Accounts payable	330,687	125,492
Accrued expenses	667,271	455,127
Net cash used in operating activities	(2,586,279)	(3,095,733)
Cash flows from financing activities:		
Proceeds from issuance of common stock	-	15,000,000
Net cash provided by financing activities	-	15,000,000
Net (decrease) increase in cash	(2,586,279)	11,904,267
Cash, beginning of period	11,627,849	3,094,200
Cash, end of the period	$ 9,041,570	$ 14,998,467
Noncash investing and finance activities:		
Offering costs included in accounts payable	-	37,597

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

Note 1. Nature of business and basis of presentation

Organization

Anebulo Pharmaceuticals, Inc. (the "Company") was founded on April 23, 2020, as a Delaware corporation. The Company is a clinical stage pharmaceutical company focused on developing treatments for cannabis-induced toxicity, such as acute cannabis-induced toxicity in children, acute cannabinoid intoxication ("ACI") in adults, and the broader landscape of acute cannabis-induced conditions. The Company's principal operations are located in Lakeway, Texas.

Liquidity and capital resources

Since inception, the Company's activities have consisted primarily of performing research and development to advance its product candidates. The Company is still in the development phase and has not marketed any developed products to date. Since inception, the Company has incurred losses, including a net loss of approximately $4.2 million for the six-month period ended December 31, 2025. As of December 31, 2025, the Company had an accumulated deficit of $78.0 million. The Company expects to continue to generate operating losses. In December 2024, the Company entered into a securities purchase agreement which resulted in net proceeds of approximately $14.9 million. Refer to Note 7 for further discussion.

The Company expects that its cash and cash equivalents, along with available funding under the Loan Agreement (see Note 10), will be sufficient to fund its operating expenses and capital expenditure requirements through at least 12 months from the issuance date of the financial statements.

Until such time, if ever, as the Company can generate substantial product revenue from sales of any current or future product candidates, the Company expects to seek additional funding in order to reach its development and commercialization objectives through various potential sources, such as equity and debt financings or through collaboration, license and development agreements. The Company may not be able to obtain funding or enter into collaboration, license or development agreements on acceptable terms, or at all. The terms of any funding may be dilutive to or adversely affect the rights of the Company's stockholders. If the Company is unable to obtain funding on satisfactory terms, or at all, the Company could be forced to delay, scale back or eliminate the development of its current or future product candidates or other business.

Risks and uncertainties

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include uncertainty regarding results of clinical trials and reaching milestones, uncertainty of regulatory approval of the Company's current or future product candidates, uncertainty of market acceptance of the Company's product candidates, if approved, competition from substitute products and larger companies, securing and protecting proprietary technology, ability to establish strategic relationships and dependence on key individuals and sole source suppliers. Product candidates currently under development will require significant additional research and development efforts, including extensive nonclinical and clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities and may not ultimately lead to a marketing approval and commercialization of a product.

The Company's product candidates require approvals from the U.S. Food and Drug Administration ("FDA") and comparable foreign regulatory agencies prior to commercial sales in their respective jurisdictions. There can be no assurance that any product candidates will receive the necessary approvals. If the Company was denied approval, approval was delayed or the Company was unable to maintain approval for any product candidate, it could have a materially adverse impact on the Company. Even if the Company's product development and regulatory efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales. The Company will need to generate significant revenue to achieve profitability, and it may never do so.

Basis of presentation

The accompanying condensed financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

The unaudited interim condensed financial statements of the Company included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted from this report, as is permitted by such rules and regulations. Accordingly, these condensed financial statements should be read in conjunction with the financial statements as of and for the year ended June 30, 2025 and the notes thereto, which are included in the Company's Annual Report on Form 10-K for the year ended June 30, 2025 filed with the SEC on September 29, 2025 (the "2025 Form 10-K").

In the opinion of management, the information furnished reflects all adjustments, all of which are of a normal and recurring nature, necessary for a fair presentation of the results for the reported interim periods. The Company considers events or transactions that occur after the balance sheet date but before the condensed financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year or any other interim period.

Note 2. Summary of Significant Accounting Policies

The Company's significant accounting policies are disclosed in the audited financial statements as of and for the year ended June 30, 2025, and notes thereto, which are included in the Company's 2025 Form 10-K. Since the date of those financial statements, there have been no material changes to significant accounting policies.

Recent accounting pronouncements

The Company considers the applicability and impact of all ASUs. ASUs not discussed below were assessed and determined to be either not applicable or expected to have minimal impact on the financial statements.

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the disclosures required for income taxes in the Company's annual financial statements. ASU 2023-09 is effective for the Company in its annual reporting for fiscal 2026 on a prospective basis. Early adoption and retrospective reporting are permitted. While the Company is still evaluating the impact of ASU 2023-09 on its financial statements, the impact is not expected to be material as the resulting changes from this standard are expected to be disclosure-only.

In November 2024, the FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses." The new standard requires additional disclosures about specific types of expenses included in the expense captions presented on the face of income statements as well as disclosures about selling expenses. The guidance applies prospectively with the option to apply the standard retrospectively. ASU No. 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and for interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this ASU.

In December 2025, the FASB issued ASU 2025-10, "Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities." This new standard establishes the accounting for a government grant received by a business entity, including guidance for (1) a grant related to an asset and (2) a grant related to income. The amendments in this Update are effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact of this ASU.

Note 3. Prepaid Expenses

Prepaid expenses consisted of the following:

	December 31, 2025	June 30, 2025
Prepaid insurance	$ 60,700	$ 40,230
Prepaid research and development	114,713	186,207
Prepaid other	-	35,002
Total prepaid expenses	$ 175,413	$ 261,439

Note 4. Accrued Expenses

Accrued expenses consisted of the following:

	December 31, 2025	June 30, 2025
Accrued payroll related expenses	$ 407,848	$ 63,075
Accrued research and development	374,258	23,531
Accrued professional fees	148,678	176,907
Total accrued expenses	$ 930,784	$ 263,513

Note 5. Other Assets

Other assets include loan commitment fees. Initial loan commitment fees of approximately $0.7 million were being amortized over three years, the initial term of the loan. In connection with the refinancing (see Note 10), unamortized loan commitment fees of approximately $0.2 million were written off in proportion with the decrease in borrowing capacity. This amount was recognized as incremental interest expense in the Company's Statements of Operations for the year ended June 30, 2025. The remaining unamortized loan commitment fees are being amortized over three years, the term of the Loan Agreement. The balance was $0.1 million as of December 31, 2025 and $0.2 million as of June 30, 2025. For the three months ended December 31, 2025 and 2024, the Company recorded interest expense of $17 thousand and $0.1 million related to the amortization of the loan commitment fees, respectively. For the six months ended December 31, 2025 and 2024, the Company recorded interest expense of $35 thousand and $0.1 million related to the amortization of the loan commitment fees, respectively.

Note 6. License Agreement

In May 2020, the Company licensed certain intellectual property, know-how and clinical trial data from Vernalis Development Limited ("Vernalis") pursuant to the License Agreement. The initial consideration in exchange for the license was $150,000 and was recorded as research and development expense in the statement of operations for the period from April 23, 2020 (inception) to June 30, 2020. The license term shall continue unless and until terminated for cause or insolvency, upon sixty days written notice from the Company, or until such time as all royalties and other sums cease to be payable in accordance with the terms of the License Agreement. The Company is required to pay development milestone payments related to clinical trials and granting of marketing authorization ranging from $0.4 million to $3.0 million, up to a total development milestone payment of $29.9 million, and sales milestone payments of $10.0 million and $25.0 million, in the first year when cumulative annual net sales of licensed product exceeds $500.0 million and $1.0 billion, respectively. The Company is also required to pay annual single-digit royalties on net product sales over the term of the License Agreement.

As part of the initial public offering ("IPO") in May 2021, the Company issued 192,857 shares of the Company's common stock $0.001 par value per share (the "common stock") to Vernalis in lieu of future milestone payments by the Company of approximately $1.4 million, whether or not the Company achieves those milestones. The Company has determined that no further milestone payments are considered probable as of December 31, 2025, and therefore no liability has been recorded.

Note 7. Stockholders' Equity

On April 4, 2025, the Company's stockholders approved an amendment to the Certificate of Incorporation to increase the number of authorized shares of common stock from 50,000,000 shares to 75,000,000 shares.

On September 28, 2022, the Company completed a private placement financing of 2,264,650 units (collectively, the "Units"), with each Unit consisting of (i) one share of its common stock and (ii) a warrant to purchase one share of its common stock, for aggregate gross proceeds of approximately $6.6 million (or $2.935 per Unit). The Company received approximately $6.3 million in net proceeds after deducting financing fees of approximately $0.3 million. Each warrant has an exercise price of $4.215 per share, which is subject to customary adjustments in the event of any combination or split of the Company's common stock. The warrants expire on September 28, 2027.

On November 13, 2023, the Company issued 300,000 shares of common stock in conjunction with a Loan and Security Agreement – see Note 10.

On December 22, 2024, the Company entered into a securities purchase agreement with 22NW Fund, LP ("22NW Fund"), a greater than 5% stockholder of the Company that is controlled by Aron English, a director of the Company, as well as other institutional accredited investors (the "Investors"), pursuant to which, on December 23, 2024, the Company issued and sold to the Investors, in a private placement priced at-the-market (the "Private Placement") consistent with the rules of the Nasdaq Stock Market LLC ("Nasdaq"), an aggregate of 15,151,514 shares (the "Shares") of common stock. The purchase price of each Share was $0.99, equal to the Nasdaq Minimum Price, as defined in Nasdaq Listing Rule 5635(d). The Company received aggregate gross proceeds from the Private Placement of approximately $15.0 million, before deducting offering expenses of approximately $0.1 million.

Note 8. Stock-Based Compensation

In June 2020, the Company's Board of Directors (the "Board of Directors") adopted the 2020 Stock Incentive Plan, which provided for the grant of qualified incentive stock options and nonqualified stock options or other awards to the Company's employees, officers, directors, advisors, and outside consultants for the purchase of up to 1,650,000 shares of the Company's common stock. On October 22, 2021, the Company's stockholders approved an increase of the total number of shares available for awards under the 2020 Stock Incentive Plan to 3,650,000 shares. On April 4, 2025, the Company's stockholders approved another increase of the total number of shares available for awards under the 2020 Stock Incentive Plan to 6,150,000 shares. Other awards include restricted stock, restricted stock units, stock appreciation rights and other stock-based awards. Other stock-based awards are awards valued in whole or in part by reference to, or are otherwise based on, shares of common stock. Stock options generally vest over a four-year period, at achievement of a performance requirement, or upon change of control (as defined in the 2020 Stock Incentive Plan). The awards expire in five to ten years from the date of grant. As of December 31, 2025, the Company had 1,925,245 shares available for future issuance under the 2020 Stock Incentive Plan.

The Company grants non-qualified stock option awards under the 2020 Stock Incentive Plan to the members of its Board of Directors, employees and consultants of the Company. These awards are subject to the satisfaction of certain performance targets and vesting requirements pursuant to the award.

The Company estimates the fair value of stock-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables, such as assumptions the Company makes for the volatility of its common stock, the expected term of the stock options, the risk-free interest rate for a period that approximates the expected term, and the Company's expected dividend yield. Each of these inputs is subjective and generally requires significant judgement to determine. Stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period of the respective award.

There were no options granted during the three or six months ended December 31, 2025. The Company granted 254,433 options during the six months ended December 31, 2024. The following table summarizes stock option activity for the six months ended December 31, 2025:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2025	3,218,255	$ 2.49	6.3	
Granted	-	$ -		
Exercised	-	$ -		
Forfeited/cancelled	-	$ -		
Outstanding at December 31, 2025	3,218,255	$ 2.49	5.8	$ -
Options exercisable at December 31, 2025	2,024,949	$ 2.72	4.8	$ -

As of December 31, 2025, unrecognized stock-based compensation expense related to unvested stock options totaled approximately $1.3 million, which is expected to be recognized over a weighted average period of 1.8 years.

The Company recorded stock-based compensation expense of approximately $0.2 million and $0.4 million for the three and six months ended December 31, 2025, respectively, all of which is included in general and administrative expenses. The Company recorded stock-based compensation expense of approximately $0.6 million and $0.9 million for the three and six months ended December 31, 2024, respectively, all of which is included in general and administrative expenses.

Note 9. Net Loss Per Share Attributable to Common Stockholders

The following common stock equivalents were excluded from the calculation of net loss per share due to their anti-dilutive effect:

	December 31,	
	2025	**2024**
Stock options outstanding	3,218,255	2,573,481
Warrants outstanding	2,264,650	2,264,650
Total	5,482,905	4,838,131

Note 10. Loan Agreement (formerly the "Loan and Security Agreement")

On November 13, 2023, the Company entered into a Loan and Security Agreement ("LSA") with 22NW, LP ("22NW") and JFL Capital Management LLC ("JFL" and collectively with 22NW, the "Lenders") which allowed the Company to draw up to $10 million (the "Facility Amount") as needed to fund future operations until the third anniversary of the LSA (the "Maturity Date"). Pursuant to the LSA, if the Company elected to draw on the Facility Amount (an "Advance"), JFL had the right, but not the obligation to fund 50% of the Advance at the request of the Company. If JFL elected not to fund 50% of the Advance, then 22NW would fund 100% of the Advance. The outstanding balance would accrue interest at 0.25% per annum and no fee would be assessed on the unused balance. Upon the draw of at least $3 million in the aggregate, the LSA was to be collateralized by substantially all of the Company's assets. All principal drawn and interest accrued under the LSA would be due and payable on the Maturity Date. The Company issued 300,000 shares of common stock to 22NW Fund, LP upon the signing of the LSA.

On February 10, 2025, the Company modified the LSA, pursuant to an Amended and Restated Loan Agreement (the LSA, as amended and restated, the "Loan Agreement"), which, among other things, reduced the maximum loan advance to $3 million, removed all securitization provisions and provides that all of 22NW's right, title, and interest in and to the LSA and the Loan Agreement and all rights, remedies and obligations of 22NW's pursuant to the LSA and the Loan Agreement are assigned to 22NW Fund, LP ("22NW Fund"). At the time of this modification, there was no balance outstanding under the LSA. The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. The Loan Agreement will terminate and all outstanding principal drawn and interest accrued owed thereunder shall be due and payable on February 10, 2028. In addition, the Loan Agreement requires that the Company issue 0.03 shares of common stock per dollar loaned under the Loan Agreement, up to a maximum of 90,000 shares, with a minimum of 50,000 shares being issued in connection with the first advance made pursuant to the Loan Agreement. There was no balance outstanding under the Loan Agreement as of December 31, 2025 or June 30, 2025.

Joseph F. Lawler, M.D., Ph.D., the Company's founder and a member of its Board of Directors, is the founder and Managing Member of JFL. Aron R. English, the President and Portfolio Manager of 22NW, and Nathaniel Calloway, the lead for 22NW, LP's biotechnology, pharmaceutical and other healthcare investments, are each members of the Company's Board of Directors.

Note 11. Research and Development Grant

On July 16, 2024, the Company was awarded the first tranche of $0.9 million of a two-year cooperative grant of up to a total of approximately $1.9 million from the National Institute on Drug Abuse ("NIDA"), part of the National Institutes of Health ("NIH"), to support the development of intravenous selonabant, for the potential use as an emergency treatment of acute cannabis-induced toxicities, including cannabis-induced CNS depression in children. With the support of NIDA, Anebulo completed IND-enabling activities and the scale up of its formulation of intravenous selonabant during fiscal 2025. The Company initiated a single ascending dose ("SAD") study of IV selonabant in healthy adults in the third quarter of calendar 2025. The grant comes in the form of two tranches with the initial award of $0.9 million in the first year and subsequent funding of approximately $1.0 million subject to certain conditions and milestones in the second year, specifically that the Investigational New Drug Application to the FDA for a Phase 1 SAD study of IV selonabant in healthy adults is permitted to proceed or an FDA clinical hold is imposed that cannot be successfully addressed with available time and resources. The grant was awarded under NIH award number 1U01DA059995-01. All conditions and milestones were met, and the Company received a notice of award from NIDA on September 2, 2025 for the Year 2 grant. The second-year award is approximately $1.0 million and the grant award number for year 2 is 5U01DA059995-02.

As the granting agency does not meet the definition of a customer under ASC 606, the Company accounts for qualifying grant receipts as other income within the Company's condensed statements of operations. The Company earns income for performing tasks under the grant agreement. Income is derived from the reimbursement of direct out-of-pocket expenses (including amounts to subrecipients), salaries and fringe benefits, and certain direct materials costs associated with grant activities.

At December 31, 2025 and June 30, 2025, the Company recorded a grant receivable of approximately $0.1 million, which relates to qualified expenses incurred in connection with grant activities which have not yet been billed back to the funding agency. The Company recorded $0.6 million of grant income for the three and six months ended December 31, 2025. The Company recorded $0.2 million and $0.4 million of grant income for the three and six months ended December 31, 2024, respectively. Collection is deemed probable, and therefore no allowance for credit losses has been established.

Note 12. Segment Information

The Company manages its operations as a single operating segment for the purposes of assessing performance and making operating decisions. The Company's singular focus is the development of treatments for cannabis toxicity, such as unintentional cannabis poisoning, ACI, and the broader landscape of acute cannabis-induced conditions. The Company's chief operating decision maker ("CODM") is the Chief Executive Officer.

The CODM manages and allocates resources to the operations of the Company on a total company basis and segment performance is evaluated based on net loss. The Company's CEO uses financial information for purposes of evaluating performance, understanding future forecasted results and allocating resources. The measure of segment assets is reported on the balance sheet as total assets. All of the Company's tangible assets are held in the United States.

The following table presents selected financial information with respect to the Company's single operating segment and its significant segment expenses for the three and six months ended December 31, 2025 and 2024:

	Three Months Ended December 31,	
	2025	2024
Pre-clinical and clinical studies	$ 928,288	$ 455,039
Contract manufacturing	47,835	435,999
Consultants and other research and development	188,614	329,497
Compensation and related benefits	632,123	423,899
Professional and consultant fees	478,283	196,282
Stock-based compensation expense	198,530	564,333
Directors' and officers' insurance	113,518	122,983
Facilities, fees and other related costs	32,719	60,119
Interest expense	17,439	59,696
Interest income	(85,410)	(7,067)
Grant income	(552,576)	(177,703)
Other	34	(47)
Net loss	$ (1,999,397)	$ (2,463,030)

	Six Months Ended December 31,	
	2025	2024
Pre-clinical and clinical studies	$ 1,335,200	$ 1,288,900
Contract manufacturing	168,420	651,465
Consultants and other research and development	471,108	595,029
Compensation and related benefits	953,459	730,512
Professional and consultant fees	1,188,477	512,076
Stock-based compensation expense	436,174	851,253
Directors' and officers' insurance	223,847	240,141
Facilities, fees and other related costs	103,485	130,899
Interest expense	34,878	119,393
Interest income	(195,026)	(33,073)
Grant income	(562,401)	(423,065)
Other	130	236
Net loss	$ (4,157,751)	$ (4,663,766)

Note 13. Subsequent Events

On January 29, 2026, the Company announced the final results of its previously announced tender offer to purchase for cash up to 300,000 shares of its Common Stock at a purchase price of $3.50 per share (the "Offer"), for an aggregate cost of approximately $1.05 million, excluding fees and expenses relating to the tender offer. The shares accepted for payment represent approximately 0.73% of the shares that were outstanding as of January 26, 2026. Payment for the shares accepted for purchase pursuant to the tender offer was made on January 29, 2026.

In accordance with the Company's plan to "go private" following the completion of the Offer, on February 6, 2026, the Company notified Nasdaq of its intent to voluntarily delist the Common Stock from the Nasdaq Capital Market ("Nasdaq") and publicly announced such intent. The Company also announced our planned subsequent voluntary deregistration of the Common Stock with the SEC in order to terminate and suspend the Company's reporting obligations under the Securities Exchange Act of 1934, as amended.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes included in this Quarterly Report and the audited financial statements and notes thereto as of and for the year ended June 30, 2025 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our 2025 Form 10-K, which was filed with the SEC on September 29, 2025. The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part II, Item 1A, "Risk Factors" in this Quarterly Report and in the 2025 Form 10-K. Please also see the section entitled "Special Note Regarding Forward-Looking Statements."

Overview

We are a clinical-stage pharmaceutical company developing treatments for cannabis-induced toxicity, such as acute cannabis-induced toxicity in children, acute cannabinoid intoxication ("ACI") and the broader landscape of acute cannabis-induced conditions. Our lead product candidate is selonabant, a potent, small molecule cannabinoid receptor antagonist, to address the unmet medical need for a specific antidote for cannabis toxicity. Selonabant is orally bioavailable, rapidly absorbed, and has also been formulated for intravenous administration. We anticipate that both oral and IV selonabant treatments have the potential to reverse the symptoms of cannabis toxicity. Selonabant is intended to rapidly reverse the negative effects of cannabis-induced toxicity and reduce time to recovery. Pediatric patients exposed to cannabis are at risk of serious and life-threatening outcomes including Central Nervous System ("CNS") depression, respiratory depression, seizures, and coma. ACI in adults is characterized by signs and symptoms that may include anxiety, panic attacks, agitation, psychosis, and tachycardia. There are no approved medical treatments currently available to specifically treat cannabis-induced toxicity, and we are not aware of any competing products that are further along in the development process than selonabant in reversing the effects of cannabinoids like delta-9-tetrahydrocannabinol, better known as THC, the principal psychoactive constituent of cannabis.

Cannabis-induced toxicity has become a widespread health issue in the United States, particularly in the increasing number of states that have legalized cannabis for medical and recreational use. Unintentional or excessive ingestion of THC via edible products such as gummies, candies, and brownies, is a major cause of THC-related emergency room visits.

Hospital emergency rooms across the United States have seen a dramatic increase in patient visits with cannabis-related conditions. In 2014, there were an estimated 1.1 million cannabis-related emergency department patient visits, according to data published in "Trends and Characteristics of Cannabis-Associated Emergency Department Visits in the United States, 2006-2018," Drug Alcohol Depend. 2022 Mar 1;232:109288. doi: 10.1016/j.drugalcdep.2022.109288. Epub 2022 Jan 10. PMID: 35033959; PMCID: PMC9885359) by Roehler DR, Hoots BE, Holland KM, Baldwin GT, and Vivolo-Kantor AM, which provided a national estimate analyzing data from The Nationwide Emergency Department Sample ("NEDS"), the largest database of U.S. hospital-owned emergency department visits. More recent data from the Substance Abuse and Mental Health Services Administration ("SAMSHA") illustrates this trend continuing, with a 21.5% increase in the number of cannabis-related emergency department visits in 2024. We believe the number of cannabis-related emergency department visits and health problems associated with unintentional cannabis poisoning and ACI will continue to increase substantially as more states pass laws legalizing cannabis for medical and recreational use. Given the consequences, there is an urgent need for a treatment to rapidly reverse the symptoms of cannabis-induced toxicity.

Previous clinical trials completed by a third party have shown that oral selonabant is rapidly absorbed, well tolerated and, when repeatedly administered to obese subjects, leads to weight loss, an effect that is consistent with central antagonism of the cannabinoid receptor type-1 ("CB1"), the primary target of agonists like THC. In March 2021, our European clinical trial application ("CTA"), which is equivalent to an investigational new drug application in the United States, was accepted in the Netherlands to allow us to utilize oral selonabant in a randomized, double-blind, placebo-controlled Phase 2 human proof-of-concept clinical trial for potential use as a treatment for ACI (NCT05282797). The study (the "Netherlands Trial") was designed to evaluate the safety, tolerability, pharmacokinetics, and effectiveness of a single oral dose of selonabant in treating healthy adult subjects challenged with THC. On March 28, 2023, we announced complete results from Part A and Part B of the Netherlands Trial, in a total of 134 subjects. Dosing of an additional 20 subjects in an open-label extension of the study ("Part C") was initiated in July 2023 and the study was completed in August 2023. We met with the U.S. Food and Drug Administration (the "FDA") in July 2023 for a Type B meeting to discuss the Part A and B Phase 2 data and the potential path forward for Phase 3 development of oral selonabant for the treatment of adult ACI and received the minutes of the meeting in August 2023. The FDA indicated that a single well-controlled study of oral selonabant in ACI patients presenting to the emergency department combined with a larger THC challenge study in volunteers could potentially provide substantial evidence to support a new drug application. We believe the data generated from the Netherlands Trial provide support for our development pathway.

Rather than proceeding directly with the Phase 3 studies of oral selonabant in adults with ACI, we are prioritizing the advancement of a selonabant intravenous ("IV") formulation as a potential treatment for pediatric patients with unintentional cannabis poisoning, which we believe offers the potential for a faster timeline to approval relative to the adult oral product. We have scaled up the IV formulation for initial clinical safety studies. We met with the FDA in December 2024 for a Pre-IND meeting to discuss the development of IV selonabant and the initial plan for clinical testing. The FDA acknowledged the unmet need for a treatment for children exposed to cannabis toxicity, and proposed a close, ongoing collaboration to efficiently advance the selonabant program for the pediatric indication. We initiated a single ascending dose ("SAD") study of IV selonabant in healthy adults in the third quarter of calendar 2025. The study is currently on-going. In addition, an ongoing observational study in patients presenting to emergency departments with acute cannabis-induced toxicity has been modified to focus on pediatric patients. The study is designed to determine concentrations of THC and metabolites in plasma and gather information on signs and symptoms, patients' disposition and selected assessments, where possible.

The recent decision by the United States Department of Justice to support the rescheduling of marijuana from a schedule I to a schedule III-controlled substance is a move that we believe will ultimately lead to increased use of cannabis-containing products among US households. This potentially includes edible products that are often the cause of unintentional cannabis poisoning in children. We have evaluated the potential advantages of prioritizing a near-term solution for children with more serious symptoms over progressing our plans for clinical studies to support an adult oral ACI treatment and have decided to focus current efforts on the pediatric indication at this time. Our decision to prioritize the development of an intravenous treatment for children is driven by multiple factors. Our recent development of a suitable IV selonabant formulation enables its use in the pediatric population. Our prior discussions with the FDA have highlighted the need for an alternative formulation of selonabant for treating younger patients. There is increasing recognition among clinicians that this is a growing, unmet medical need in a vulnerable population where there are no approved treatments. Our belief is that the path to approval for an oral treatment for adult ACI may be facilitated by an initial approval for intravenous treatment of unintentional cannabis poisoning in the pediatric population. Furthermore, with this unprecedented change in cannabis regulation, Anebulo is uniquely positioned to become a provider of a rapid and clinically impactful solution for Emergency Departments to treat pediatric patients suffering from unintentional cannabis poisoning. Research has shown children are much more sensitive to the serious toxic effects of cannabis. Key factors such as an underdeveloped endocannabinoid system with more CB1 receptors in the brain than adults, and a reduced ability to metabolize THC potentially contribute to a much greater risk to children. The risk is also evident in how cannabis effects this population; in contrast to adults who are exposed to acute cannabis-induced toxicity, children are at risk of serious and life-threatening outcomes such as CNS depression, respiratory depression, seizures, and coma.

In May 2020, we entered into a royalty-bearing license agreement with Vernalis Development Limited ("Vernalis") to exploit its licensed compounds and licensed products to combat symptoms of ACI and substance addiction. We are currently developing our lead product candidate, selonabant to quickly, and effectively, combat symptoms of ACI.

Our proprietary position in the treatment of cannabis toxicity is protected by three issued US patents and rights to six additional patent applications, two pending Patent Cooperation Treaty (PCT) applications, and additional international patent applications, covering various methods of use of the compound, aspects of selonabant, and delivery systems.

We were incorporated in Delaware on April 23, 2020, and commenced operations in May 2020. Our operations to date have consisted of organizing and acquiring the license rights to Vernalis' licensed products, assembling an executive team, starting preparations for and conducting a Phase 2 proof-of-concept trial, including the synthesis of a new active pharmaceutical ingredient, the development and filing of a clinical trial protocol with regulatory agencies in Europe and raising capital. Prior to our initial public offering ("IPO"), we funded our operations through a private placement of our series A convertible preferred stock and the issuance of two promissory notes to a related party.

On October 12, 2021, the United States Patent and Trademark Office issued to us U.S. Patent No. 11,141,404, titled "Formulations and Methods For Treating Acute Cannabinoid Overdose." The issued patent describes the use of our investigational drug selonabant to treat acute cannabinoid overdose and is expected to provide patent protection through 2040. On October 24, 2023 and December 31, 2024 the United States Patent and Trademark Office issued to us U.S Patent Nos. 11,795,146, titled "Crystalline Forms of a Cannabinoid Receptor Type 1 (CB1) Modulator and Methods of Use and Preparation Thereof" and U.S. Patent No. 12,180,155 titled "Crystalline Forms of a Cannabinoid Receptor Type 1 (CB1) Modulator and Methods of Use and Preparation Thereof." The issued patents describe polymorphs of our investigational drug selonabant.

As more fully described in the Liquidity and Capital Resources section below, on November 13, 2023, we entered into a Loan and Security Agreement ("LSA") with 22NW and JFL Capital Management LLC ("JFL"), as lenders, which originally allowed us to borrow up to $10 million as needed to fund future operations and provided that upon the draw of at least $3.0 million in the aggregate, the LSA was to be collateralized by substantially all of our assets. On February 10, 2025, we modified the LSA, pursuant to an Amended and Restated Loan Agreement (the LSA, as amended and restated, the "Loan Agreement"), which, among other things, reduced the maximum loan advance to $3.0 million and removed all securitization provisions. The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. The Loan Agreement will terminate and all outstanding principal drawn and interest accrued owed thereunder shall be due and payable on February 10, 2028. There was no balance outstanding under the Loan Agreement as of December 31, 2025 or June 30, 2025, respectively. No balance has been drawn on the LSA or the Loan Agreement since inception.

On July 16, 2024, we were awarded the first tranche of $0.9 million of a two-year cooperative grant of up to a total of approximately $1.9 million from the National Institute on Drug Abuse ("NIDA"), part of the National Institutes of Health ("NIH"), to support the development of intravenous selonabant, for the potential use as an emergency treatment of acute cannabis-induced toxicities, including cannabis-induced CNS depression in children. With the support of NIDA, we completed IND-enabling activities and the scale up of its formulation of intravenous selonabant during fiscal 2025. We initiated a SAD study of IV selonabant in healthy adults in the third quarter of calendar 2025. The grant comes in the form of two tranches with the initial award of $0.9 million in the first year and subsequent funding of approximately $1.0 million subject to certain conditions and milestones in the second year, specifically that the Investigational New Drug Application to the FDA for a Phase 1 SAD study of IV selonabant in healthy adults is permitted to proceed or an FDA clinical hold is imposed that cannot be successfully addressed with available time and resources. The grant was awarded under NIH award number 1U01DA059995-01. All conditions and milestones were met, and we received a notice of award from NIDA on September 2, 2025 for the Year 2 grant. The second-year award is approximately $1.0 million and the grant award number for year 2 is 5U01DA059995-02.

Recent Events

Going Private Transaction

On July 23, 2025, we announced that a Special Committee of independent directors had recommended, and our Board of Directors (the "Board") had approved, as part of a proposed going private transaction, an amendment to our certificate of incorporation to effect a reverse stock split (the "Reverse Stock Split") subject to obtaining the requisite approval of our stockholders at a special meeting of Stockholders to be held for that purpose, the date of which meeting has not yet been determined.

Specifically, the Board approved an amendment to our certificate of incorporation to effect a Reverse Stock Split of our issued and outstanding common stock, par value $0.0001 per share ("Common Stock"), including stock held by us as treasury shares, at a ratio (the "Stock Split Ratio") of not less than 1-for-2,500 and not greater than 1-for-7,500 (the "Range"), with the exact Stock Split Ratio to be set within the Range without further approval or authorization of our stockholders at the discretion of the board and included in a public announcement, subject to the authority of the Board to abandon the Amendment. The Reverse Stock Split would be undertaken as part of a plan to go private and terminate the registration of our Common Stock under Section 12(b) of the Exchange Act, and suspend our duty to file periodic reports and other information with the SEC under Section 13(a) thereunder, and to delist our Common Stock from The Nasdaq Stock Market. The primary purpose of the Reverse Stock Split was to enable us to maintain the number of record holders of our common stock below 300, which is the level at or above which we are required to file public reports with the SEC.

On December 22, 2025, we announced that the Board had decided to abandon the Reverse Stock Split and to commence, on such date, a tender offer to purchase for cash up to 300,000 shares of Common Stock at a purchase price of $3.50 per share, less any applicable withholding taxes and without interest (the "Offer"). The Offer was undertaken as part of our plan to "go private" in lieu of the Reverse Stock Split. On January 29, 2026, we announced the final results of the Offer which expired one minute after 11:59 p.m., New York City time, on January 26, 2026. The Offer was oversubscribed, based on the final count by Broadridge Corporate Issuer Solutions, LLC, the depositary for the Offer, a total of 4,907,881 shares of Common Stock were properly tendered and not properly withdrawn. In accordance with the terms and conditions of the Offer and based on the final count by the depositary, we accepted for payment an aggregate of 300,000 shares of Common Stock, including 134,306 "odd lots," at a purchase price of $3.50 per share, for an aggregate cost of approximately $1.05 million, excluding fees and expenses relating to the Offer. We accepted the shares on a pro rata basis, except for tenders of "odd lots," which were accepted in full. We have been informed by the depositary that the final proration factor for the Offer was 3.47392%. The shares accepted for payment represented approximately 0.73% of the shares that were outstanding as of January 26, 2026. The Offer helped us meet our goal of providing our smallest stockholders the opportunity to obtain cash for their shares of Common Stock in a relatively limited trading market and at a premium over market prices of our Common Stock; while helping to maintain the number of stockholders below 300, which is the level at or above which we are required to file public reports with the SEC.

In accordance with our plan to "go private" following the completion of the Offer, on February 6, 2026, we notified the Nasdaq Capital Market ("Nasdaq") of our intent to voluntarily delist the Common Stock from Nasdaq and publicly announced such intent. We also announced our planned subsequent voluntary deregistration of the Common Stock with the Securities and Exchange Commission (the "SEC") in order to terminate and suspend our reporting obligations under the Securities Exchange Act of 1934, as amended. We currently intend to file a Form 25 with the SEC to delist our Common Stock from Nasdaq on or about February 17, 2026. We expect the delisting of our Common Stock will be effective on February 27, 2026, 10 days after we file the Form 25 with the SEC, and the deregistration of our Common Stock under Section 12(b) of the Exchange Act will take effect 90 days after the filing of the Form 25. We will also be required to terminate our registration under other applicable provisions of the Exchange Act by filing a Form 15. Anebulo intends to file a Form 15 with the SEC on or about February 27, 2026. When we file the Form 15 with the SEC, we must certify to the SEC that we have less than 300 stockholders. Upon filing the Form 15, Anebulo's obligation to file periodic reports with the SEC will be immediately suspended. During the ten-day period between the filing of the Form 25 and the Form 15, the number of holders of record can change due to broker "kick-outs", ordinary trading or intentional actions of stockholders. As a result of these changes in stock ownership, at the end of the ten-day period, it is possible that the number of our record holders could exceed 300, and we would be unable to file the Form 15 and complete the deregistration process. If this were to occur, we would have already delisted from Nasdaq and therefore would continue as a public company trading on the OTC.

Components of Results of Operations

Revenue

We have not generated any revenue since inception. If our development efforts for our current lead product candidate, selonabant, or other additional product candidates that we may develop in the future, are successful and result in marketing approval, or if we enter into collaboration or license agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from such collaboration or license agreements. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of our product candidates. We have incurred operating losses since inception and expect to continue to incur significant operating losses and negative cash flows from operations in the future.

Research and Development Expenses

We expect to continue incurring significant research and development costs related to selonabant. Our research and development expenses for the three and six months ended December 31, 2025 and 2024 included research and development consulting expenses, clinical and nonclinical trials, and other costs, such as third-party and manufacturing costs, associated with development of our lead product candidate, selonabant.

We anticipate that our research and development activities will account for a significant portion of our operating expenses and these costs are expensed as incurred. We expect to significantly increase our research and development efforts as we continue to develop selonabant and conduct clinical trials with patients suffering from symptoms of cannabis toxicity, as well as continue to expand our product-candidate pipeline. Research and development expenses include:

- direct third-party costs such as expenses incurred under agreements with contract research organizations ("CROs") and contract manufacturing organizations ("CMOs");
- costs associated with research and development activities of consultants, including travel expense;
- other third-party expenses directly attributable to the development of our product candidates; and
- amortization expense for future asset purchases used in research and development activities.

We currently have one lead product candidate; therefore, we do not track our internal research and development expenses on an indication-by-indication basis.

Research and development activities will continue to be central to our business model. We expect our research and development expenses to be significant over the next several years as we advance our current clinical development program and prepare to seek regulatory approval.

General and Administrative Expenses

General and administrative expenses for the three and six months ended December 31, 2025 and 2024 consisted primarily of professional fees, insurance, personnel costs, including stock-based compensation, and rent. We expect our general and administrative expenses to decrease when we cease to be a public company.

Results of Operations

Comparison of the Three and Six Months Ended December 31, 2025 and 2024

The following table summarizes our results of operations:

	Three Months Ended December 31,		Period to Period	Six Months Ended December 31,		Period to Period
	2025	2024	Change	2025	2024	Change
Research and development	$ 1,164,737	$ 1,220,535	$ (55,798)	$ 1,974,728	$ 2,535,394	$ (560,666)
General and administrative	1,455,173	1,367,616	87,557	2,905,442	2,464,881	440,561
Total operating expenses	2,619,910	2,588,151	31,759	4,880,170	5,000,275	(120,105)
Loss from operations	(2,619,910)	(2,588,151)	(31,759)	(4,880,170)	(5,000,275)	120,105
Other (income) expenses:						
Interest expense	17,439	59,696	(42,257)	34,878	119,393	(84,515)
Interest income	(85,410)	(7,067)	(78,343)	(195,026)	(33,073)	(161,953)
Grant income	(552,576)	(177,703)	(374,873)	(562,401)	(423,065)	(139,336)
Other	34	(47)	81	130	236	(106)
Other income, net	(620,513)	(125,121)	(495,392)	(722,419)	(336,509)	(385,910)
Net loss	$ (1,999,397)	$ (2,463,030)	$ 463,633	$ (4,157,751)	$ (4,663,766)	$ 506,015

Research and Development Expenses

Research and development expenses consisted of the following:

	Three Months Ended December 31,		Period to Period	Six Months Ended December 31,		Period to Period
	2025	2024	Change	2025	2024	Change
Pre-clinical, nonclinical and clinical studies	$ 928,288	$ 455,039	$ 473,249	$ 1,335,200	$ 1,288,900	$ 46,300
Contract manufacturing	47,835	435,999	(388,164)	168,420	651,465	(483,045)
Other research and development	188,614	329,497	(140,883)	471,108	595,029	(123,921)
Total research and development expenses	$ 1,164,737	$ 1,220,535	$ (55,798)	$ 1,974,728	$ 2,535,394	$ (560,666)

Research and development expenses during the three months ended December 31, 2025 decreased approximately $0.1 million from the comparable prior year period. Pre-clinical, nonclinical, and clinical studies increased $0.5 million from the prior period, primarily driven by the timing of clinical studies. Furthermore, contract manufacturing expense decreased by $0.4 million and other research and development decreased by $0.1 million over the same period. During fiscal 2025, we incurred increased contract manufacturing and other research and development expense as we successfully scaled up the IV formulation for initial clinical safety studies. We initiated a SAD study of IV selonabant during the first quarter of fiscal 2026, resulting in increased clinical study expense.

Research and development expenses during the six months ended December 31, 2025 decreased by $0.6 million from the comparable prior year period. Pre-clinical, nonclinical, and clinical studies remained relatively flat year-over-year due to the timing of our SAD study, which was initiated in the later part of the first quarter of fiscal 2026. Contract manufacturing expense decreased by $0.5 million and other research and development decreased by $0.1 million over the same period. Those expenses were higher in fiscal 2025 as we scaled up the IV formulation for this aforementioned SAD study.

We expect our research and development expenses to increase as we continue clinical studies.

General and Administrative Expenses

General and administrative expenses consisted of the following:

	Three Months Ended December 31,		Period to Period	Six Months Ended December 31,		Period to Period
	2025	2024	Change	2025	2024	Change
Compensation and related benefits	$ 632,123	$ 423,899	$ 208,224	$ 953,459	$ 730,512	$ 222,947
Professional and consultant fees	478,283	196,282	282,001	1,188,477	512,076	676,401
Stock-based compensation expense	198,530	564,333	(365,803)	436,174	851,253	(415,079)
Directors' and officers' insurance	113,518	122,983	(9,465)	223,847	240,141	(16,294)
Facilities, fees and other costs	32,719	60,119	(27,400)	103,485	130,899	(27,414)
Total general and administrative expenses	$ 1,455,173	$ 1,367,616	$ 87,557	$ 2,905,442	$ 2,464,881	$ 440,561

For the three months ended December 31, 2025, general and administrative expenses increased approximately $0.1 million from the comparable prior year period. Compensation and related benefits increased by $0.2 million due to accrued executive bonuses. Professional and consultant fees increased by $0.3 million due to increased expenses recognized in connection with our potential going private transaction. These increases were partially offset by a $0.4 million decrease in stock-based compensation expense. During the comparable prior year period, the CEO's bonus was compensated through an option grant, leading to increased expense for that period.

For the six months ended December 31, 2025, general and administrative expenses increased approximately $0.4 million from the comparable prior year period. Compensation and related benefits increased by $0.2 million due to accrued executive bonuses. Professional and consultant fees increased by $0.7 million due to increased expenses recognized in connection with our potential going private transaction. These increases were partially offset by a $0.4 million decrease in stock-based compensation expense, as detailed above.

Interest Expense

Interest expense relates to the amortization of loan commitment fees in connection with the Loan Agreement (and, prior to being amended and restated, the LSA). Interest expense decreased from the comparable prior year period due to the February 2025 refinancing. As part of this transaction, the term of the Loan Agreement was extended and we recognized incremental interest expense, resulting in decreased interest expense to be recognized each period post-amendment.

Interest Income

Interest income for the three and six months ended December 31, 2025 increased from the comparable prior year periods due to an overall increase in average cash and cash equivalents.

Grant Income

Grant income for the three and six months ended December 31, 2025 increased approximately $0.4 million and $0.1 million, respectively, from the comparable prior year periods due to timing of expenditures for reimbursable grant-related activities, primarily related to our on-going SAD study.

Liquidity and Capital Resources

Overview

Since our inception in April 2020, we have incurred significant operating losses. We expect to incur significant expenses and operating losses in the future as we advance the clinical development of our programs. In May 2021, we completed our IPO in which we received net proceeds of approximately $19.8 million. On September 28, 2022, we closed a private placement offering, in which we received net proceeds of approximately $6.3 million. Furthermore, on December 23, 2024, we closed on another private placement offering, in which we received net proceeds of approximately $14.9 million ("December 2024 Private Placement"). As of December 31, 2025, we had cash and cash equivalents of approximately $9.0 million. We expect that our cash and cash equivalents at December 31, 2025, along with access to the amount under the Loan Agreement, will enable us to fund our current and planned operating expenses and capital expenditures for at least the next 12 months from the filing of this Quarterly Report. Although we expect our general and administrative expenses to decrease when we cease to be a public company, we expect our research and development expenses to increase as we advance our clinical trials. We expect that we will need to raise additional funding in the future, in addition to any amounts we are entitled to draw pursuant to the Loan Agreement, and will seek to raise additional funds through various potential sources, such as equity and debt financings or through collaboration, license and development agreements. We can give no assurances that we will be able to secure such additional sources of funds to support our operations on acceptable terms or at all, or, if such funds are available to us, that such additional financing will be sufficient to meet our needs.

Loan Agreement (previously the Loan and Security Agreement)

On November 13, 2023, we entered into the LSA with 22NW and JFL, as lenders, which originally allowed us to borrow up to $10 million as needed to fund future operations and provided that upon the draw of at least $3 million in the aggregate, the LSA would be collateralized by substantially all of our assets. On February 10, 2025, we modified the LSA, pursuant to an Amended and Restated Loan Agreement (the LSA, as amended and restated, the "Loan Agreement"), which, among other things, reduced the maximum loan advance to $3 million, removed all securitization provisions and provided that all rights, remedies and obligations of 22NW pursuant to the LSA have been assigned to 22NW Fund, LP ("22NW Fund"). The outstanding balance of the Loan Agreement will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. The Loan Agreement will terminate and all outstanding principal drawn and interest accrued owed there under shall be due and payable on February 10, 2028. In addition, the Loan Agreement requires that we issue 0.03 shares of our common stock per dollar loaned under the Loan Agreement, up to a maximum of 90,000 shares (the "Advance Shares"), with a minimum of 50,000 shares being issued in connection with the first advance made pursuant to the Loan Agreement. The Advance Shares shall be issued to the Lenders on a pro rata basis according to the portion of each Advance such Lender funds. No balance has been drawn on the LSA or the Loan Agreement since inception.

Joseph F. Lawler, M.D., Ph.D., our founder and a member of our Board of Directors, is the founder and Managing Member of JFL. Aron R. English, the President and Portfolio Manager of 22NW, and Nathaniel Calloway, the lead for 22NW, LP's biotechnology, pharmaceutical and other healthcare investments, are each members of our Board of Directors.

Cash Flows

The following table sets forth a summary of our cash flows:

	Six Months Ended December 31,	
	2025	**2024**
Net cash used in operating activities	$ (2,586,279)	$ (3,095,733)
Net cash provided by financing activities	-	15,000,000
Net (decrease) increase in cash	$ (2,586,279)	$ 11,904,267

During the six months ended December 31, 2025, we used cash in operating activities of approximately $2.6 million primarily resulting from our net loss of $4.2 million, partially offset by non-cash related stock-based compensation and loan commitment amortization totaling approximately $0.5 million and a change in operating assets and liabilities of approximately $1.1 million.

During the six months ended December 31, 2024, we used cash in operating activities of approximately $3.1 million primarily resulting from our net loss of $4.7 million, partially offset by non-cash related stock-based compensation and loan commitment amortization totaling approximately $1.0 million, and a change in operating assets and liabilities of approximately $0.6 million. With respect to financing activities, we received aggregate gross proceeds from the December 2024 Private Placement of approximately $15.0 million.

Funding and Material Cash Requirements

We expect that our cash and cash equivalents at December 31, 2025, along with access to the available amount under the Loan Agreement, will enable us to fund our current and planned operating expenses and capital expenditures for at least the next 12 months from the filing of this Quarterly Report. We have based these estimates on assumptions that may prove to be imprecise, and we may exhaust our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our programs, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates.

Our present and future funding and cash requirements will depend on many factors, including, among other things:

- the progress, timing and completion of our ongoing and planned clinical trials and nonclinical studies;
- our ability to receive, and the timing of receipt of, future regulatory approvals for our product candidates and the costs related thereto;
- the scope, progress, results and costs of our ongoing and planned operations;
- our ability to obtain funding, including grant funding, especially in light of the fact that we currently intend to no longer be a public company;
- the costs associated with expanding our operations and building our sales and marketing capabilities;
- our ability to establish strategic collaborations;
- the cost and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the revenue, if any, received from commercial sales of our products, if approved; and
- potential new product candidates we identify and attempt to develop.
- potential savings that we realized, if any, as a result of going private.

Until such time, if ever, as we can generate substantial product revenue from sales of any of our current or future product candidates, to support our material cash requirements in the near-term (within one year) and long-term (beyond one year), we will need to seek additional equity or debt financing or potential collaboration, license or development agreements to provide the capital required to maintain or expand our operations, continue the development of our product candidate, build our sales and marketing capabilities, promote brand identity, develop or acquire complementary technologies, products or businesses, or provide for our working capital requirements and other operating and general corporate purposes. If we raise additional capital by issuing equity securities and/or equity-linked securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. We may also issue equity securities and/or equity-linked securities that provide rights, preferences and privileges senior to those of our common stock. Any additional debt financing, if obtained, may involve agreements that include liens on our assets and covenants limiting or restricting our ability to take specific actions such as incurring additional debt. Debt financing could also be required to be repaid regardless of our operating results. If we raise funds through collaborations, license or development agreements, we may be required to relinquish some rights to our current or future products or revenue streams or grant licenses on terms that are not favorable to us. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of our current or future product candidates and other business.

Contractual Obligations and Commitments

License Agreement with Vernalis Development Limited

On May 26, 2020, we entered into an exclusive license agreement (the "License Agreement") with Vernalis Development Limited, formerly Vernalis (R&D) Limited ("Vernalis"). Pursuant to the License Agreement, Vernalis granted us an exclusive worldwide royalty-bearing license to develop and commercialize a compound that we refer to as selonabant, as well as access to and a right of reference with respect to any regulatory materials under its control. The License Agreement allows us to sublicense the rights thereunder to any person with similar or greater financial resources and expertise without Vernalis' prior consent, provided the proposed sublicensee is not developing or commercializing a product that contains a CB1 antagonist or is for the same indication covered by the trials or market authorization for selonabant. In exchange for the exclusive license, we agreed to pay Vernalis a non-refundable signature fee of $0.2 million, total potential developmental milestone payments of up to $29.9 million (of which $0.4 million has been paid), total potential sales milestone payments of up to $35.0 million, and low to mid-single digit royalties on net sales.

We have the sole discretion to carry out the development and commercialization of selonabant, including obtaining regulatory approvals, and we are responsible for all costs and expenses in connection therewith. We have access to certain regulatory materials, including study reports from clinical and non-clinical trials, under Vernalis' control. We agreed to use commercially reasonable efforts to (i) develop and commercialize selonabant in the United States and certain European countries and (ii) dose a patient as part of a Phase 2 clinical trial within two years of the commencement date of the License Agreement (which obligation we have met), and dose a patient as part of a Pivotal Trial (as such term is defined in the License Agreement) within four years of commencement of the License Agreement, which period was in accordance with the terms of the License agreement extended for 12 months for a nominal fee. In May 2025, the License Agreement was extended for an additional 12 months for a nominal fee. We also agreed to provide Vernalis with periodic reports of our activities and notice of market authorization within specified timeframes.

Office Lease, Manufacturing Contract and CRO Contract

We manage our business operations from our principal executive office in Lakeway, Texas, in leased space under a sublease with a related party for approximately $400 per month.

We have a manufacturing agreement with a third-party CMO. The total cost for the current contract is approximately $3.0 million. The manufacturing aspect of this contract was substantially completed as of June 30, 2024. The stability study aspect of the contract is expected to be fully incurred during calendar 2026.

We entered into an agreement with a third-party CRO to assist with conducting our Phase 1 SAD study. The total cost for the current contract is approximately $3.5 million. The contract is expected to be substantially completed by the third quarter of calendar 2026.

We enter into contracts in the normal course of business with clinical trial sites and clinical supply manufacturers and other services and products for operating purposes. These contracts generally provide for termination after a notice period, and therefore, are cancellable contracts.

Critical Accounting Estimates

Our condensed financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of our condensed financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our condensed financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are disclosed in the audited financial statements as of and for the year ended June 30, 2025, and notes thereto, which are included in our 2025 Form 10-K that was filed with the SEC on September 29, 2025, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our condensed financial statements.

Accrued Research and Development Expenses

As part of the process of preparing our condensed financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated costs incurred for the services when we have not yet been invoiced or otherwise notified of the actual costs. The majority of our service providers invoice us in arrears for services performed and some require advanced payments. We make estimates of our accrued expenses of each balance sheet date in our condensed financial statements based on facts and circumstances known to us at that time. Examples of estimated accrued research and development expenses include fees paid to:

- CROs in connection with performing research services on our behalf and any clinical trials;
- investigative sites or other providers in connection with studies and any clinical trials;
- vendors in connection with the preparation of our NDA filing, market and patient awareness programs, market research and analysis and medical education; and
- vendors related to drug substance or drug product manufacturing and stability testing, development and distribution of clinical supplies.

We base our expenses for services rendered on our estimates of the services received and efforts expended pursuant to quotes, contracts and communicating with our vendors. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payments. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or amount of prepaid or accrued expenses accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in us reporting amounts that are too high or too low in any particular period.

Stock-Based Compensation Expense

Our 2020 Stock Incentive Plan, as amended, provides for the grant of qualified incentive stock options and nonqualified stock options or other awards to our employees, officers, directors, advisors, and outside consultants for the purchase of up to 6,150,000 shares of our common stock. Other awards include restricted stock, restricted stock units, stock appreciation rights and other stock-based awards. Other stock-based awards are awards valued in whole or in part by reference to, or are otherwise based on, shares of common stock. Stock options generally vest over a four-year period, at achievement of a performance requirement, or upon change of control (as defined in the applicable plan). The awards expire in five to ten years from the date of grant.

The fair value of stock options we grant is estimated using the Black Scholes option pricing model. This option pricing model based on certain subjective assumptions, including (i) the expected stock price volatility, (ii) the expected term of the award, (iii) the risk-free rate of interest, and (iv) expected dividends. The fair value of our common stock utilized in the model is determined based on the quoted closing market price of our common stock as reported by Nasdaq on the date of grant.

There were no significant changes to assumptions used to value options using the Black Scholes option pricing model during the three and six months ended December 31, 2025.

JOBS Act Accounting Election

The Jumpstart Our Business Startups ("JOBS") Act, enacted in April 2012, permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have and intend to continue to take advantage of all of the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, for an emerging growth company under Section 107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under Section 107 of the JOBS Act. See "Risk Factors" in our 2025 Form 10-K and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our financial statements not being comparable to those of some other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our securities may be less attractive to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and accumulated and communicated to our management to allow timely decisions regarding required disclosures.

Our management, with the participation of our principal executive officer and interim principal financial officer, evaluated, as of the end of the period covered by this report, the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation of our disclosure controls and procedures as of December 31, 2025, our principal executive officer and interim principal financial officer concluded that our disclosure controls and procedures as of such date were effective at the reasonable assurance level.

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) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be a party to litigation or subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. We are not currently a party to any material legal proceedings, and our management believes that there are currently no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations or financial condition.

ITEM 1A. RISK FACTORS

We are subject to various risks that could have a material adverse impact on our financial position, results of operations or cash flows. Although it is not possible to predict or identify all such risks or uncertainties, they may include, but are not limited to, the factors discussed under "Risk Factors" in Part I, Item 1A of the 2025 Form 10-K that was filed with the SEC on September 29, 2025. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse impact on our financial position, results of operations or cash flows. Except as set forth below, there have been no other material changes to our risk factors since our aforementioned 2025 Form 10-K.

We have not generated any revenue since our inception and expect to incur future losses and may never become profitable.

We have not generated any revenue. As of December 31, 2025, we have an accumulated deficit of $78.0 million, which includes a fair value adjustment of $26.6 million for warrants converted into Series A preferred stock on a cashless basis in connection with our IPO. The likelihood of our future success must be considered in light of the expenses, difficulties, complications and delays often encountered by companies in clinical development, including in connection with ongoing and future clinical trials and the emergence of competing products or therapies. These potential challenges include unanticipated clinical trial delays, poor data, changes in the regulatory and competitive landscape and additional costs and expenses that may exceed current budget estimates. Although we expect our general and administrative expenses to decrease when we cease to be a public company, we expect our research and development expenses to increase as we advance our clinical trials. In order to complete certain clinical trials and otherwise operate pursuant to our current business strategy, we anticipate that we will incur increased operating expenses. In addition, we expect to incur significant losses and experience negative cash flow in the future as we fund our operating losses and capital expenditures. We recognize that if we are unable to generate sufficient revenues or source funding, we will not be able to continue operations as currently contemplated, complete planned clinical trials and/or achieve profitability. Our failure to achieve or maintain profitability will also negatively impact the value of our shares. If we are unsuccessful in addressing these risks, then we may need to curtail our business activities.

The future success of our business cannot be determined at this time, and we do not anticipate generating revenue from product sales in the near term. In addition, we have no experience in obtaining regulatory approval for and commercializing drug products on our own and face a number of challenges with respect to development and commercialization efforts, including, among other challenges:

- having inadequate financial or other resources to complete the development of our product candidate;
- the inability to manufacture our product in commercial quantities, at an adequate quality, at an acceptable cost or in collaboration with third parties;
- experiencing delays or unplanned expenditures in product development, clinical testing or manufacturing;
- the inability to establish adequate sales, marketing and distribution channels;
- healthcare professionals may not adopt and patients may not accept our drug, if approved for marketing;
- we may not be aware of possible complications or other side effects from the use of our product since we have limited clinical experience with respect to the actual effects from use of our product;
- technological breakthroughs in reversing cannabis toxicity and treating patients experiencing intoxication symptoms may reduce the demand for our product, if it develops;
- changes in the market for reversing cannabis toxicity and treating patients experiencing intoxication symptoms, new alliances between existing market participants and the entrance of new market participants may interfere with our market penetration efforts;
- third-party payors may not agree to reimburse patients for any or all of the purchase price of our product, which may adversely affect patients' willingness to use our product;
- uncertainty as to market demand may result in inefficient pricing of our product;
- we may face third-party claims of intellectual property infringement;
- we may fail to obtain or maintain regulatory approvals for our product in our markets or may face adverse regulatory or legal actions relating to our product even if regulatory approval is obtained; and
- we are dependent upon the results of clinical studies relating to our product and the products of our competitors. If data from a clinical trial is unfavorable, we would be reluctant to advance the product for the indication for which it was being developed.

If we are unable to meet any one or more of these challenges successfully, our ability to effectively obtain regulatory approval for and commercialize our products could be limited, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We currently have no product revenue and will need to raise additional capital in the future, which may be unavailable to us or may cause dilution or place significant restrictions on our ability to operate.

We may be unable to generate sufficient revenue or cash flow to fund our operations. We expect that our cash and cash equivalents at December 31, 2025, along with access to funding under the Loan Agreement, will enable us to fund our current and planned operating expenses and capital expenditures for at least the next 12 months from the filing of this Quarterly Report. We have based these estimates on assumptions that may prove to be incorrect, and we may exhaust our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our programs, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidate. Until such time, if ever, as we can generate substantial product revenue from sales of any of our current or future product candidates, we will need to seek additional equity or debt financing or potential collaboration, license or development agreements to provide the capital required to maintain or expand our operations, continue the development of our product candidate, build our sales and marketing capabilities, promote brand identity, develop or acquire complementary technologies, products or businesses, or provide for our working capital requirements and other operating and general corporate purposes.

Other than the Loan Agreement, we currently do not have any arrangements or credit facilities as a source of funds, and we make no assurance that we will be able to raise sufficient additional capital in the future if needed on acceptable terms, or at all. Even if we draw down the entire $3 million available under the Loan Agreement, we will still require additional funding to fund our planned operations and capital expenditures. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of our current or future product candidates and other business, seek collaborations, or amend existing collaborations, for research and development programs at an earlier stage than otherwise would be desirable or for the development of programs that we otherwise would have sought to develop independently, or on terms that are less favorable than might otherwise be available, dispose of technology assets, or relinquish or license on unfavorable terms, our rights to technologies or any future product candidates that we otherwise would seek to develop or commercialize ourselves, pursue the sale of our company to a third party at a price that may result in a loss on investment for our stockholders, file for bankruptcy or cease operations altogether. This may materially adversely affect our operations and financial condition as well as our ability to achieve business objectives and maintain competitiveness.

If we raise additional capital by issuing equity securities and/or equity-linked securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. In addition, the Loan Agreement requires that we issue 0.03 shares of common stock per dollar loaned under the Loan Agreement, which will result in dilution to shareholders. We may also issue equity securities and/or equity-linked securities that provide for rights, preferences and privileges senior to those of our common stock. Given our need for cash and that equity and equity-linked issuances are very common types of fundraising for companies like us, the risk of dilution is particularly significant for our stockholders.

Any future debt financing, if obtained, may involve agreements that include liens on our assets and covenants limiting or restricting our ability to take specific actions such as incurring additional debt. Debt financing could also be required to be repaid regardless of our operating results.

If we raise additional funds through collaborations and licensing arrangements, we may be required to relinquish some rights to our current or future products or revenue streams or to grant licenses on terms that are not favorable to us.

Any additional capital raising efforts may divert the attention of our management from day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates.

We are in the process of going private, which includes delisting our Common Stock from the Nasdaq Stock Market and deregistering our Common Stock under the Exchange Act.

As previously disclosed, on January 29, 2026, we announced the final results of the Offer, pursuant to which we accepted for payment an aggregate of 300,000 shares, including 134,306 "odd lots," of Common Stock at a purchase price of $3.50 per share, for an aggregate cost of approximately $1.05 million, excluding fees and expenses relating to the Offer. In accordance with our plan to "go private" following the completion of the Offer, on February 6, 2026, we notified Nasdaq of our intent to voluntarily delist the Common Stock from the Nasdaq and publicly announced such intent. We also announced our planned subsequent voluntary deregistration of the Common Stock with the SEC in order to terminate and suspend our reporting obligations under the Securities Exchange Act of 1934, as amended. We currently intend to file a Form 25 with the SEC to delist our Common Stock from Nasdaq on or about February 27, 2026. We expect the delisting of our Common Stock will be effective 10 days after we file the Form 25 with the SEC, and the deregistration of our Common Stock under Section 12(b) of the Exchange Act will take effect 90 days after the filing of the Form 25. We will also be required to terminate our registration under other applicable provisions of the Exchange Act by filing a Form 15. Anebulo intends to file a Form 15 with the SEC on or about February 27, 2026. When we file the Form 15 with the SEC, we must certify to the SEC that we have less than 300 stockholders. Upon filing the Form 15, Anebulo's obligation to file periodic reports with the SEC will be immediately suspended. During the ten-day period between the filing of the Form 25 and the Form 15, the number of holders of record can change due to broker "kick-outs", ordinary trading or intentional actions of stockholders. As a result of these changes in stock ownership, at the end of the ten-day period, it is possible that the number of our record holders could exceed 300, and we would be unable to file the Form 15 and complete the deregistration process. If this were to occur, we would have already delisted from Nasdaq and therefore would continue trade on the OTC.

Following deregistration, we will no longer file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. Accordingly, there will be significantly less information regarding our company available to stockholders and potential investors. In addition, we will no longer be subject to the provisions of the Sarbanes-Oxley Act and certain of the liability provisions of the Exchange Act, although we will still be subject to the antifraud provisions of the Exchange Act and any applicable state securities laws. Following deregistration, our executive officers, directors and 10% stockholders will no longer be required to file reports relating to their transactions in our common stock with the SEC. In addition, our executive officers, directors and 10% stockholders will no longer be subject to the recovery of short-swing profits provision of the Exchange Act, and persons acquiring 5% of our common stock will no longer be required to report their beneficial ownership under the Exchange Act. Following the delisting of the Common Stock, any trading in the Common Stock would only occur in privately negotiated sales or potentially on the over-the-counter (OTC) market, if one or more brokers chooses to make a market for the Common Stock there and complies with applicable regulatory requirements; however, there can be no assurances regarding any such trading. The lack of public information and increased illiquidity could make trading in shares of the Common Stock more difficult, which could cause the value of the Common Stock to decrease.

A shutdown of the U.S. federal government may adversely affect our business.

A recurring shutdown of the U.S. federal government may adversely affect our business operations. During such shutdowns, while the SEC's EDGAR system remains operational, the unavailability of SEC staff to review filings or issue and resolve comments may delay our ability to obtain timely regulatory approvals. These delays could hinder strategic transactions and create uncertainty around our disclosure obligations. Additionally, the lack of interpretive guidance or exemptive relief during a shutdown may increase legal and compliance risks. There can be no assurance that future shutdowns will not materially affect our operations or financial condition.

Inadequate funding for the FDA, the SEC and other government agencies, including from government shutdowns, or other disruptions to these agencies' staffing and operations, could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

Our business depends on timely interactions with the FDA, including the review of regulatory submissions, scheduling of formal meetings, and oversight of clinical trials. Disruptions at the FDA and other federal agencies, including substantial leadership departures, personnel cuts, policy changes and those related to the federal government shutdown, may result in reduced staffing or suspension of non-essential FDA operations, which could delay or cancel meetings with the FDA, hinder regulatory guidance, cause delays in the implementation or enforcement of regulatory requirements in a timely fashion or at all, and postpone the review of IND applications and New Drug Applications (NDAs). These disruptions may also affect the initiation, conduct, and monitoring of clinical trials, particularly those requiring FDA authorization or ongoing regulatory engagement. Interruptions in FDA activities could materially delay our development timelines, increase operational costs, and adversely impact our ability to complete our ongoing and planned clinical trials and to advance product candidates toward approval and commercialization. Any such delays or uncertainties may have a significant negative effect on our business, financial condition, and results of operations.

We may apply for government grants to support some of our research and development activities for our product candidates. A lapse in appropriations resulting in a government shutdown could materially disrupt the timing and availability of these funds. During such shutdowns, federal agencies may suspend the processing of new grant applications, delay reimbursements, or pause disbursements for existing awards. These interruptions could adversely affect our ability to complete our planned research and development activities. If federal funding is delayed, reduced or canceled, we may need to seek alternative sources of financing, scale back research efforts, or defer planned initiatives, any of which could have a material adverse effect on our financial condition and results of operations. Even if the grant funding is not delayed and we obtain the grant funding we apply for, the terms of the grant funding may be restrictive. Often government grants include provisions that reflect the government's substantial rights and remedies, many of which are not typically found in commercial contracts, including powers of the government to potentially require repayment of all or a portion of the grant award proceeds, in certain cases with interest, in the event we violate certain covenants pertaining to various matters.

If another U.S. federal government shutdown occurs or if the FDA, National Institutes of Health ("NIH"), SEC or the United States Patent and Trademark Office ("USPTO") experiences significant decreases in funding or personnel, it could significantly impact the ability of the FDA to issue licenses needed for conduct of our clinical trials, the NIH to conduct research or provide grants, and the abilities of the FDA and the USPTO to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

There is substantial uncertainty as to whether and how the new administration will seek to modify or revise the requirements and policies of the FDA and other regulatory agencies with jurisdiction over our product candidates and any products for which we obtain approval. Additionally, the new administration could also issue or promulgate executive orders, regulations, policies or guidance that adversely affect us or create a more challenging or costly environment to pursue the development of new therapeutic candidates.

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

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Repurchases

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements

During the three months ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K, filed with the SEC on September 9, 2022).
3.2	Certificate of Correction to Second Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K, filed with the SEC on September 9, 2022).
3.3	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 21, 2023).
3.4	Amended and Restated Bylaws of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 13, 2022).
3.5	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company (Share Increase Amendment) (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 14, 2025).
3.6	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company (Declassification Charter Amendment) (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on April 14, 2025).
3.7	Amendment to the Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K, filed with the SEC on April 14, 2025).
31.1*	Certification of Principal Executive Officer and Interim Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed or furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ANEBULO PHARMACEUTICALS, INC.

Date: February 12, 2026

By: */s/ Richard Anthony Cunningham*

Richard Anthony Cunningham
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive Officer and Interim Principal Financial and Accounting Officer)

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
AND INTERIM PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Richard Anthony Cunningham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended December 31, 2025 of Anebulo Pharmaceuticals, Inc.;

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

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

4. 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 our 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 our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

5. 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.

Date: February 12, 2026

By: */s/ Richard Anthony Cunningham*
Richard Anthony Cunningham
Chief Executive Officer and Interim Chief Financial Officer
(*Principal Executive Officer, Interim Principal Financial and Accounting Officer*)

Exhibit 32.1

CERTIFICATION 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 Quarterly Report on Form 10-Q of Anebulo Pharmaceuticals, Inc. (the "Company") for the period ended December 31, 2025, as filed with the Securities and Exchange Commission (the "Commission") on the date hereof (the "Report"), the undersigned officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: February 12, 2025

By */s/ Richard Anthony Cunningham*
Richard Anthony Cunningham
Chief Executive Officer and Interim Chief Financial Officer
(*Principal Executive Officer and Interim Principal Financial and Accounting Officer*)

This certification accompanies the Report to which it relates, is not deemed filed with the Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.