

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended September 30, 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.: 001-35527

EMMAUS LIFE SCIENCES, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

87-0419387
(I.R.S. Employer Identification No.)

21250 Hawthorne Boulevard, Suite 800, Torrance, California
(Address of principal executive offices)

90503
(Zip code)

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

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

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

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, smaller reporting company, or an emerging growth company. See the definition 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 ☒

The registrant had 63,865,571 shares of common stock, par value \$0.001 per share, outstanding as of November 11, 2025.

EMMAUS LIFE SCIENCES, INC.
For the Quarterly Period Ended September 30, 2025
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Item 1. Financial Statements

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

	As of	
	September 30, 2025	December 31, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 293	\$ 1,389
Accounts receivable, net	2,619	2,623
Inventories, net	1,213	1,635
Prepaid expenses and other current assets	661	1,120
Total current assets	4,786	6,767
Property and equipment, net	128	46
Right of use assets	799	1,530
Investment in convertible bond	14,876	15,037
Other assets	167	222
Total assets	\$ 20,756	\$ 23,602
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 21,759	\$ 16,926
Operating lease liabilities, current portion	348	2,423
Conversion feature derivative, notes payable	—	162
Other current liabilities	14,475	16,557
Warrant derivative liabilities	11	8
Notes payable, current portion, net of discount	7,640	7,093
Notes payable to related parties	3,132	3,372
Convertible notes payable, net of discount	16,804	17,014
Total current liabilities	64,169	63,555
Operating lease liabilities, less current portion	1,498	815
Other long-term liabilities	12,313	13,465
Notes payable to related parties, net of discount	2,264	2,246
Total liabilities	80,244	80,081
Commitments and contingent liabilities (Note 11)		
STOCKHOLDERS' DEFICIT		
Preferred stock, par value \$0.001 per share, 15,000,000 shares authorized, none issued or outstanding	—	—
Common stock, par value \$0.001 per share, 250,000,000 shares authorized, 63,865,571 shares issued and outstanding at September 30, 2025 and December 31, 2024	64	64
Additional paid-in capital	225,914	225,896
Net loan receivable from EJ Holdings	(16,869)	(16,869)
Accumulated other comprehensive loss	(481)	(2,995)
Accumulated deficit	(268,116)	(262,575)
Total stockholders' deficit	(59,488)	(56,479)
Total liabilities and stockholders' deficit	\$ 20,756	\$ 23,602

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
REVENUES, NET	\$ 3,378	\$ 5,478	\$ 8,601	\$ 13,361
COST OF GOODS SOLD	247	394	622	892
GROSS PROFIT	3,131	5,084	7,979	12,469
OPERATING EXPENSES				
Research and development	50	146	282	520
Selling	655	1,318	1,975	4,886
General and administrative	1,731	2,799	6,377	8,400
Total operating expenses	2,436	4,263	8,634	13,806
INCOME (LOSS) FROM OPERATIONS	695	821	(655)	(1,337)
OTHER INCOME (EXPENSE)				
Loss on debt extinguishment	(296)	—	(672)	—
Change in fair value of warrant derivative liabilities	2	38	(3)	35
Change in fair value of conversion feature derivative, notes payable	—	2,277	162	(70)
Realized loss on investment in convertible bond	—	—	(531)	(544)
Gain on restructured debt	—	—	—	1,032
Gain on lease modification	—	—	861	—
Foreign exchange loss	(32)	(117)	(50)	(11)
Interest and other income (net)	65	145	205	427
Interest expense	(1,931)	(1,338)	(4,865)	(4,214)
Total other income (expense)	(2,192)	1,005	(4,893)	(3,345)
INCOME (LOSS) BEFORE INCOME TAXES	(1,497)	1,826	(5,548)	(4,682)
Income tax provision (benefit)	579	(1)	(7)	23
NET INCOME (LOSS)	(2,076)	1,827	(5,541)	(4,705)
COMPONENTS OF OTHER COMPREHENSIVE LOSS				
Unrealized gain (loss) on debt securities available for sale (net of tax)	(1,734)	1,397	2,175	(2,064)
Reclassification adjustment for loss included in net income (loss)	—	—	354	197
Foreign currency translation adjustments	14	(19)	(15)	11
Other comprehensive income (loss)	(1,720)	1,378	2,514	(1,856)
COMPREHENSIVE INCOME (LOSS)	\$ (3,796)	\$ 3,205	\$ (3,027)	\$ (6,561)
NET INCOME (LOSS) PER COMMON SHARE - BASIC AND DILUTED	\$ (0.03)	\$ 0.03	\$ (0.09)	\$ (0.07)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING BASIC AND DILUTED	63,865,571	63,865,571	63,865,571	63,025,296

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

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

	Common stock		Additional paid-in capital	Loan receivable from EJ Holdings	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' deficit
	Shares	Amount					
Balance, January 1, 2025	63,865,571	\$ 64	\$ 225,896	\$ (16,869)	\$ (2,995)	\$ (262,575)	\$ (56,479)
Share-based compensation	—	—	10	—	—	—	10
Unrealized gain on debt securities available for sale (net of tax)	—	—	—	—	194	—	194
Foreign currency translation effect	—	—	—	—	4	—	4
Net loss	—	—	—	—	—	(2,330)	(2,330)
Balance, March 31, 2025	63,865,571	64	225,906	(16,869)	(2,797)	(264,905)	(58,601)
Share-based compensation	—	—	(1)	—	—	—	(1)
Unrealized gain on debt securities available for sale (net of tax)	—	—	—	—	3,715	—	3,715
Reclassification of realized loss on investment in convertible bond included in net loss	—	—	—	—	354	—	354
Foreign currency translation effect	—	—	—	—	(33)	—	(33)
Net loss	—	—	—	—	—	(1,135)	(1,135)
Balance, June 30, 2025	63,865,571	64	225,905	(16,869)	1,239	(266,040)	(55,701)
Share-based compensation	—	—	9	—	—	—	9
Unrealized gain on debt securities available for sale (net of tax)	—	—	—	—	(1,734)	—	(1,734)
Foreign currency translation effect	—	—	—	—	14	—	14
Net loss	—	—	—	—	—	(2,076)	(2,076)
Balance, September 30, 2025	63,865,571	\$ 64	\$ 225,914	\$ (16,869)	\$ (481)	\$ (268,116)	\$ (59,488)

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

	Common stock		Additional paid-in capital	Loan receivable from EJ Holdings	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' deficit
	Shares	Amount					
Balance, January 1, 2024	61,845,963	\$ 62	\$ 225,333	\$ (16,869)	\$ (160)	\$ (256,122)	\$ (47,756)
Share-based compensation	—	—	170	—	—	—	170
Unrealized loss on debt securities available for sale (net of tax)	—	—	—	—	(1,728)	—	(1,728)
Foreign currency translation effect	—	—	—	—	18	—	18
Net loss	—	—	—	—	—	(4,348)	(4,348)
Balance, March 31, 2024	61,845,963	62	225,503	(16,869)	(1,870)	(260,470)	(53,644)
Convertible notes converted to shares	2,019,608	2	307	—	—	—	309
Share-based compensation	—	—	29	—	—	—	29
Unrealized loss on debt securities available for sale (net of tax)	—	—	—	—	(1,733)	—	(1,733)
Reclassification of realized loss on investment in convertible bond included in net loss	—	—	—	—	197	—	197
Foreign currency translation effect	—	—	—	—	12	—	12
Net loss	—	—	—	—	—	(2,184)	(2,184)
Balance, June 30, 2024	63,865,571	64	225,839	(16,869)	(3,394)	(262,654)	(57,014)
Share-based compensation	—	—	28	—	—	—	28
Unrealized gain on debt securities available for sale (net of tax)	—	—	—	—	1,397	—	1,397
Foreign currency translation effect	—	—	—	—	(19)	—	(19)
Net income	—	—	—	—	—	1,827	1,827
Balance, September 30, 2024	63,865,571	\$ 64	\$ 225,867	\$ (16,869)	\$ (2,016)	\$ (260,827)	\$ (53,781)

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

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

	Nine Months Ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (5,541)	\$ (4,705)
Adjustments to reconcile net loss to net cash flows used in operating activities		
Depreciation and amortization	24	17
Inventory reserve	—	14
Amortization of discount of notes payable and convertible notes payable	369	632
Foreign exchange adjustments	139	156
Tax benefit recognized on unrealized gain on debt securities	(13)	—
Realized loss on investment in convertible bond	531	544
Loss on debt extinguishment	672	—
Gain on restructured debt	—	(1,032)
Loss on disposal of property and equipment	—	(1)
Loss on leased assets	—	4
Gain on lease modification	(861)	—
Share-based compensation	18	227
Change in fair value of warrant derivative liabilities	3	(35)
Change in fair value of conversion feature derivative, notes payable	(162)	70
Net changes in operating assets and liabilities		
Accounts receivable	4	536
Inventories	428	84
Prepaid expenses and other current assets	460	404
Other non-current assets	333	574
Accounts payable and accrued expenses	4,878	1,893
Other current liabilities	(2,682)	(4)
Other long-term liabilities	(820)	(2,007)
Net cash flows used in operating activities	(2,220)	(2,629)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of convertible bond	2,172	2,508
Purchases of property and equipment	(1)	(6)
Net cash flows provided by investing activities	2,171	2,502
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable issued	4,562	3,201
Payments of notes payable	(5,175)	(3,684)
Payments of notes payable, related party	(240)	(350)
Payments of convertible notes	(210)	(325)
Net cash flows used in financing activities	(1,063)	(1,158)
Effect of exchange rate changes on cash	16	(7)
Net decrease in cash and cash equivalents	(1,096)	(1,292)
Cash and cash equivalents, beginning of year	1,389	2,547
Cash and cash equivalents, end of year	<u>\$ 293</u>	<u>\$ 1,255</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES		
Interest paid	\$ 1,650	\$ 1,742
Income taxes paid	\$ 14	\$ 46
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Conversion of convertible note payable and accrued interest to common stock	\$ —	\$ 309
Equipment purchased but included in accounts payable	\$ 105	\$ —

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

EMMAUS LIFE SCIENCES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 — BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated interim financial statements of Emmaus Life Sciences, Inc., (“Emmaus”) and its direct and indirect consolidated subsidiaries (collectively, “we,” “our,” “us” or the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) on the basis that the Company will continue as a going concern. All significant intercompany transactions have been eliminated. The Company’s unaudited condensed consolidated interim financial statements contain adjustments, including normal recurring accruals necessary to fairly state the Company’s consolidated financial position, results of operations and cash flows. The condensed consolidated interim financial statements should be read in conjunction with the Annual Report on Form 10-K for the year ended December 31, 2024 (the “Annual Report”) filed with the Securities and Exchange Commission (“SEC”) on April 14, 2025. The accompanying condensed consolidated balance sheet at December 31, 2024 has been derived from the audited consolidated balance sheet at December 31, 2024 contained in the Annual Report. The results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the full year or any future interim period.

Nature of Operations

The Company is a commercial-stage biopharmaceutical company engaged in the discovery, development, marketing and sales of innovative treatments and therapies, primarily for rare and orphan diseases. The Company’s only product, Endari® (prescription grade L-glutamine oral powder), is approved by the U.S. Food and Drug Administration, or FDA, and in certain jurisdictions in the Middle East North Africa, or MENA, region to reduce the acute complications of sickle cell disease (“SCD”) in adult and pediatric patients five years of age and older.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company’s significant accounting policies are described in Note 2, “Summary of Significant Accounting Policies,” in the Annual Report. There have been no material changes in these policies or their application.

Going concern— The accompanying unaudited condensed consolidated financial statements have been prepared on the basis that the Company will continue as a going concern. The Company incurred a net loss of \$5.5 million for the nine months ended September 30, 2025 and had a working capital deficit of \$59.4 million as of September 30, 2025. The Company’s indebtedness included in its current liabilities and its expected working capital needs, including debt service on its existing indebtedness and the expected costs relating to the commercialization of Endari® in the MENA region and elsewhere, exceed its existing cash balances and cash expected to be generated from operations for the foreseeable future. To meet the Company’s current liabilities and future obligations, the Company will need to restructure or refinance its existing indebtedness and raise additional funds through related-party loans, third-party loans, equity or debt financings or licensing or other strategic agreements. The Company has no understanding or arrangement for any restructuring, refinancing, or financing, and there can be no assurance that the Company will be able to restructure or refinance its existing indebtedness or obtain additional related-party or third-party loans or complete any additional equity or debt financings on favorable terms, or at all, or enter into licensing or other strategic arrangements. Due to the uncertainty of the Company’s ability to meet its current liabilities and operating expenses, there is substantial doubt about the Company’s ability to continue as a going concern for 12 months from the date that these condensed consolidated financial statements are issued. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

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

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

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

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

Revenue from product sales is recorded at the transaction price, net of estimates for variable consideration consisting of sales discounts, returns, government rebates, chargebacks and commercial discounts. Variable consideration is estimated using the expected-value amount method, which is the sum of probability-weighted amounts in a range of possible transaction prices. Actual variable consideration may differ from the Company's estimates. If actual results vary from the Company's estimates, the Company adjusts the variable consideration in the period such variances become known, which would affect net revenues in that period. The following are our significant categories of variable consideration:

Sales Discounts: The Company provides its customers prompt payment discounts and from time to time offers additional discounts for bulk orders that are recorded as a reduction of revenues in the period the revenues are recognized.

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

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

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

Accounts receivable— Accounts receivables are primarily attributable to product sales to distributors and other customers. Each reporting period, the Company evaluates the collectability of outstanding receivable balances and records an allowance for credit loss based on an estimate of current expected credit loss. The estimate is based on historical experience, customer creditworthiness, facts and circumstance specific to outstanding balances and payment terms. Provisions are made based upon a specific review of all significant outstanding invoices and the quality and age of those invoices. As of September 30, 2025 and December 31, 2024, the Company recorded no valuation allowances. The Company believes the credit risks associated with its customers are not significant.

Inventories—Inventories consist of raw materials, finished goods and work-in-process and are valued on a first-in, first-out basis at the lesser of cost or net realizable value. Work-in-process inventories consist of L-glutamine for the Company's products that has not yet been packaged and labeled for sale. Inventories are stated at the lower of cost or net realizable value. The Company periodically reviews its inventory and provides for potential obsolescence based on its assessment of market conditions and anticipated demand. Substantially all raw materials purchase during the nine months ended September 30, 2025 and the year ended

December 31, 2024 were supplied, directly or indirectly by one supplier. Inventories are presented net of reserves totaling \$5.1 million and \$5.0 million as of September 30, 2025 and December 31, 2024 respectively.

Share-based compensation—The Company recognizes compensation cost for share-based compensation awards during the service term of the recipients of the share-based awards. The fair value of share-based compensation is calculated using the Black-Scholes-Merton pricing model. The Black-Scholes-Merton model requires subjective assumptions regarding future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of awards granted is calculated using the simplified method. The risk-free rate selected to value any grant is based on the U.S. Treasury rate on the grant date that corresponds to the expected term of the award.

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

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

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

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

Level 2: Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

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

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

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

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

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

The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The carrying values of cash and cash equivalents, accounts receivables, other current assets, account payable and accrued expenses, and other current liabilities approximate fair value due to the short-term maturity of those instruments.

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Warrants	2,847,663	4,625,000	3,952,784	4,625,000
Stock options	4,640,337	5,316,451	4,671,438	5,316,451
Convertible notes	237,554,699	3,818,611	243,360,690	104,218,359
Total anti-dilutive instrument	245,042,699	13,760,062	251,984,912	114,159,810

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

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

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

Recent Accounting Pronouncement —Management has considered all recent accounting pronouncements and determined that they will not have a material effect on the Company's condensed consolidated financial statements except for the following:

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

In November 2024, the FASB issued *ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disaggregated disclosures in the notes of the financial statements of certain categories of expenses that are included in expense line items on the face of the income statement. This ASU is effective for annual periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company will evaluate the impact adopting the guidance will have on the Company's consolidated financial statements and disclosures.

NOTE 3 — REVENUES, NET

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Endari® - US	\$ 2,122	\$ 2,757	\$ 6,500	\$ 10,575
Endari® - International	1,234	2,485	1,906	2,362
Other	22	236	195	424
Revenues, net	<u>3,378</u>	<u>5,478</u>	<u>8,601</u>	<u>13,361</u>

The following table summarizes the revenue allowance and accrual activities for the nine months ended September 30, 2025 and September 30, 2024 (in thousands):

	Trade Discounts, Allowances and Chargebacks	Government Rebates and Other Incentives	Returns	Total
Balance as of January 1, 2025	\$ 1,135	\$ 6,812	\$ 138	\$ 8,085
Provision related to sales in the current year	589	2,306	81	2,976
Adjustments related to prior period sales	(2)	32	—	30
Credits and payments made	(741)	(1,349)	(70)	(2,160)
Balance as of September 30, 2025	<u>\$ 981</u>	<u>\$ 7,801</u>	<u>\$ 149</u>	<u>\$ 8,931</u>
Balance as of January 1, 2024	\$ 1,212	\$ 5,658	\$ 863	\$ 7,733
Provision related to sales in the current year	939	2,530	114	3,583
Adjustments related to prior period sales	(79)	34	47	2
Credits and payments made	(1,175)	(1,683)	(913)	(3,771)
Balance as of September 30, 2024	<u>\$ 897</u>	<u>\$ 6,539</u>	<u>\$ 111</u>	<u>\$ 7,547</u>

The following table summarizes revenues attributable to each of the customers that accounted for 10% or more of our net revenues in any of the periods shown:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Customer A	9%	4%	13%	25%
Customer B	12%	6%	12%	20%
Customer C	14%	11%	15%	6%
Customer D	21%	20%	25%	17%
Customer E	<1%	27%	<1%	11%

On June 15, 2017, the Company entered into a distributor agreement with Telcon RF Pharmaceutical, Inc., or Telcon, pursuant to which it granted Telcon exclusive rights to the Company's prescription grade L-glutamine ("PGLG") oral powder for the treatment of diverticulosis in South Korea, Japan and China in exchange for Telcon's payment of a \$10 million upfront fee and agreement to purchase from the Company specified minimum quantities of the PGLG. Telcon had the right to terminate the distributor agreement in certain circumstances for failure to obtain such product registrations, in which event the \$10 million upfront fee would become repayable to Telcon. In January 2023, Telcon terminated the distributor agreement, and the upfront fee of \$10 million is included in other current liabilities as of September 30, 2025 and December 31, 2024. See Notes 5, 6 and 11 and for additional details of the Company's agreements with Telcon.

NOTE 4 — SELECTED FINANCIAL STATEMENT — ASSETS

Inventories consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
Raw materials and components	\$ 1,216	\$ 1,147
Work-in-process	44	184
Finished goods	5,027	5,328
Inventory reserve	(5,074)	(5,024)
Total inventories, net	<u>\$ 1,213</u>	<u>\$ 1,635</u>

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

	September 30, 2025	December 31, 2024
Prepaid insurance	\$ 200	\$ 622
Prepaid expenses	146	272
Other current assets	315	226
Total prepaid expenses and other current assets	<u>\$ 661</u>	<u>\$ 1,120</u>

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

	September 30, 2025	December 31, 2024
Equipment	\$ 463	\$ 357
Leasehold improvements	16	15
Furniture and fixtures	30	30
Total property and equipment	509	402
Less: accumulated depreciation	(381)	(356)
Total property and equipment, net	<u>\$ 128</u>	<u>\$ 46</u>

For the three months ended September 30, 2025 and September 30, 2024, depreciation expense was approximately \$15,000 and \$5,000, respectively. For nine months ended September 30, 2025 and September 30, 2024, depreciation expense was approximately \$24,000 and \$17,000, respectively.

NOTE 5 — INVESTMENTS

Investment in convertible bond - On September 28, 2020, the Company entered into a convertible bond purchase agreement pursuant to which it purchased at face value a convertible bond of Telcon in the principal amount of approximately \$26.1 million which matures on October 16, 2030 and bears interest at the rate of 2.1% per year, payable quarterly. Beginning October 16, 2021, the Company became entitled on a quarterly basis to call for early redemption of all or any portion of the principal amount of the convertible bond. The convertible bond is convertible at the holder's option at any time and from time to time into common shares of Telcon at an initial conversion price of KRW9,232, or approximately US\$8.00 per share. The initial conversion price is subject to downward adjustment on a monthly based on the volume-weighted average market price of Telcon shares as reported on Korean Securities Dealers Automated Quotations Market and in the event of the issuance of Telcon shares or share equivalents at a price below the market price of Telcon shares and to customary antidilution adjustments upon a merger or similar reorganization of Telcon or a stock split, reverse stock split, stock dividend or similar event. On December 30, 2024, Telcon undertook a reverse stock split at a rate of 1-for-10. On August 5, 2025 Telcon issued new shares under market price and on August 25, 2025, Telcon issued a bonus issue with the issue price deemed to be KRW zero, triggered conversion price adjustment. The conversion price as of September 30, 2025 is set forth in the "Investment in convertible bond" table below. The convertible bond and any proceeds therefrom, including proceeds from any exercise of the early redemption right described above or the call option described below, are pledged as collateral to secure the Company's obligations under the revised API Supply Agreement with Telcon described in Notes 6 and 11.

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

The investment in convertible bond is classified as an available for sale security since management does not have intention to trade nor held until maturity, and measured at fair value on a recurring basis using Level 3 inputs, with any changes in the fair value

recorded in other comprehensive loss. The fair value and any changes in fair value in the convertible bond is determined using a binominal lattice model. The model produces an estimated fair value based on changes in the price of the underlying common stock over successive periods of time.

The revised API agreement with Telcon described in Note 6 provides for target annual revenue of more than \$5 million and annual “profit” (*i.e.*, sales margin) to Telcon of \$2.5 million. To the extent these targets are not met, which management refers to as a “target shortfall,” Telcon may be entitled to payment of the target shortfall or to settle the target shortfall by exchange of principal and interest on the Telcon convertible bond and proceeds thereof that are pledged as a collateral to secure the Company’s obligations under the API Supply Agreement and the revised API Agreement.

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

In April 2025, Telcon offset KRW3.1 billion, or approximately \$2.1 million, against the principal amount of the Telcon convertible bond and the Company released KRW49 million, or approximately \$34,000, in cash proceeds to Telcon in satisfaction of the target shortfall for the year ended 2024. As a result, the Company realized a net loss on investment in convertible bond of \$531,000, which previously was classified as unrealized gain on debt securities available-for-sale in the other comprehensive loss.

The following table sets forth the fair value and changes in fair value of the investment in the Telcon convertible bond as of September 30, 2025 and December 31, 2024 (in thousands):

Investment in convertible bond	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 15,037	\$ 20,978
Sales of convertible bond	(2,172)	(2,508)
Net loss on investment on convertible bond	(177)	(347)
Change in fair value included in the statement of other comprehensive loss (net of tax)	2,188	(3,086)
Balance, end of period	<u>\$ 14,876</u>	<u>\$ 15,037</u>

The fair values as of September 30, 2025 and December 31, 2024 were based upon following assumptions:

	September 30, 2025	December 31, 2024
Principal outstanding (South Korean won)	KRW 17.0 billion	KRW 20.1 billion
Stock price	KRW 1152	KRW 5870
Expected life (in years)	5.04	5.79
Selected yield	11.00%	9.50%
Expected volatility (Telcon common stock)	70.53%	62.90%
Risk-free interest rate (South Korea government bond)	2.74%	2.78%
Expected dividend yield	—	—
Conversion price	KRW962(US\$0.69)	KRW5,850(US\$3.96)

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

EJ Holdings has had no substantial revenues since its inception, has depended on loans from the Company to acquire the Ube facility and fund its operations and will be dependent on loans or other financing unless and until its plant is activated and it can secure

customers for its products. There is no assurance that needed funding will be available from other sources. If EJ Holdings fails to obtain needed funding, it may need to seek to sell or otherwise dispose of the Ube plant.

On December 28, 2023, the Company sold and assigned its EJ Holdings shares at its original cost of JPY3.6 million or US\$25,304 to Niihara International, Inc., which was formed by Yutaka Niihara, M.D., Ph. D., former Chairman and Chief Executive Officer of the Company and a principal stockholder of the Company. In January 2024, JIP also sold their EJ Holdings' capital share to Niihara International, Inc. In connection with the sale and assignment, the Company derecognized its investment in EJ Holdings, including \$1.5 million of currency translation adjustments recorded in other comprehensive loss. As of September 30, 2025 and December 31, 2024, the face amount of the loan receivable from EJ Holdings was \$25.8 million, which was reflected in \$16.9 million of net loan receivable from EJ Holdings as contra-equity on the condensed consolidated balance sheets.

NOTE 6 — SELECTED FINANCIAL STATEMENT - LIABILITIES

Accounts payable and accrued expenses consisted of the following at September 30, 2025 and December 31, 2024 (in thousands):

	September 30, 2025	December 31, 2024
Accounts payable:		
Clinical and regulatory expenses	\$ 544	\$ 452
Professional fees	797	904
Selling expenses	1,485	1,553
Manufacturing costs	777	706
Non-employee director compensation	1,035	966
Other vendors	724	594
Total accounts payable	5,362	5,175
Accrued interest payable, related parties	1,466	1,145
Accrued interest payable	5,369	2,874
Accrued expenses:		
Payroll expenses	516	323
Government rebates and other rebates	8,639	7,229
Other accrued expenses	407	180
Total accrued expenses	9,562	7,732
Total accounts payable and accrued expenses	\$ 21,759	\$ 16,926

Other current liabilities consisted of the following at September 30, 2025 and December 31, 2024 (in thousands):

	September 30, 2025	December 31, 2024
Trade discount	\$ 3,500	\$ 5,000
Unearned revenue (a)	10,000	10,000
Other current liabilities	975	1,557
Total other current liabilities	\$ 14,475	\$ 16,557

(a) Refer to Note 3 for information regarding to due to Telcon.

Other long-term liabilities consisted of the following at September 30, 2025 and December 31, 2024 (in thousands):

	September 30, 2025	December 31, 2024
Trade discount	\$ 12,259	\$ 13,421
Other long-term liabilities	54	44
Total other long-term liabilities	\$ 12,313	\$ 13,465

On June 12, 2017, the Company entered into an API Supply Agreement with Telcon pursuant to which Telcon advanced to the Company approximately \$31.8 million as an advance trade discount in consideration of the Company's agreement to purchase from Telcon the Company's estimated annual target for bulk containers of PGLG. On July 12, 2017, the Company entered into a raw material supply agreement with Telcon which revised certain items of the API Supply Agreement (the "revised API Agreement"). The Company purchased \$500,000 and \$448,000 of PGLG from Telcon for nine months ended September 30, 2025 and 2024, respectively, of which \$555,000 and \$588,000 were reflected in accounts payable as of September 30, 2025 and December 31, 2024, respectively. The revised API Agreement provided for an annual API purchase target of \$5 million and a target "profit" (*i.e.*, gross margin) to Telcon of \$2.5 million. To the extent these targets are not met, which management refers to as a "target shortfall," Telcon may be entitled to payment of the target shortfall or to settle the target shortfall by exchange of principal and interest on the Telcon convertible bond and proceeds thereof that are pledged as a collateral to secure the Company's obligations under the API Supply Agreement and the revised API Agreement. See Note 5 for information regarding the settlement of the target shortfall.

NOTE 7 — NOTES PAYABLE

Notes payable consisted of the following at September 30, 2025 and December 31, 2024 (in thousands except for number of underlying shares):

Year Issued	Interest Rate Range	Term of Notes	Conversion Price	Principal Outstanding September 30, 2025	Unamortized Discount September 30, 2025	Capitalized Accrued Interest September 30, 2025	Carrying Amount September 30, 2025	Underlying Shares September 30, 2025
Notes payable								
2013	10%	Due on demand	—	\$ 676	\$ —	\$ —	\$ 676	—
2022	1%-12%	Due on demand	—	520	—	—	520	—
2023	11%	Due on demand	—	3,167	—	—	3,167	—
2024	30%	Due on demand	—	1,400	—	—	1,400	—
2025	42% - 56%	18-34 weeks	—	1,988	111	—	1,877	—
				\$ 7,751	\$ 111	\$ —	\$ 7,640	—
		Current		\$ 7,751	\$ 111	\$ —	\$ 7,640	—
Notes payable - related parties								
2020	12%	Due on demand	—	100	—	—	100	—
2021	12%	Due on demand	—	700	—	—	700	—
2022	10%-12%	Due on demand - 5 years	—	4,076	57	—	4,019	—
2023	10%-60%	Due on demand	—	577	—	—	577	—
				\$ 5,453	\$ 57	\$ —	\$ 5,396	—
		Current		\$ 3,132	\$ —	\$ —	\$ 3,132	—
		Non-current		\$ 2,321	\$ 57	\$ —	\$ 2,264	—
Convertible notes payable								
2021	10%	Due on demand	\$ 0.01	685	—	—	685	101,161,109
2023	13%	Due on demand	\$ 10.00 (a)	3,150	—	—	3,150	409,016
2023	10%	Due on demand	\$ 0.29	1,000	—	—	1,000	4,163,438
2024	12%	Due on demand	\$ 0.01	11,030	—	939	11,969	200,000,000
				\$ 15,865	\$ —	\$ 939	\$ 16,804	305,733,563
		Current		\$ 15,865	\$ —	\$ 939	\$ 16,804	305,733,563
		Total		\$ 29,069	\$ 168	\$ 939	\$ 29,840	305,733,563

Year Issued	Interest Rate Range	Term of Notes	Conversion Price	Principal Outstanding December 31, 2024	Unamortized Discount December 31, 2024	Capitalized Accrued Interest December 31, 2024	Carrying Amount December 31, 2024	Shares Underlying Notes December 31, 2024
Notes payable								
2013	10%	Due on demand	—	\$ 638	\$ —	\$ —	\$ 638	—
2022	10% - 12%	Due on demand	—	505	—	—	505	—
2023	10% - 13%	Due on demand	—	3,200	—	—	3,200	—
2024	30%-48%	Due on demand -34 weeks	—	2,854	104	—	2,750	—
				\$ 7,197	\$ 104	\$ —	\$ 7,093	—
		Current		\$ 7,197	\$ 104	\$ —	\$ 7,093	—
Notes payable - related parties								
2020	12%	Due on demand	—	100	—	—	100	—
2021	12%	Due on demand	—	700	—	—	700	—
2022	10%-12%	Due on demand - 5 years	—	4,316	75	—	4,241	—
2023	10%-60%	Due on demand	—	577	—	—	577	—
				\$ 5,693	\$ 75	\$ —	\$ 5,618	—
		Current		\$ 3,372	\$ —	\$ —	\$ 3,372	—
		Non-current		\$ 2,321	\$ 75	\$ —	\$ 2,246	—
Convertible notes payable								
2021	2%	Due on Demand	\$ 0.13	895	—	—	895	39,455,164
2023	13%	Due on Demand	\$ 10.00 (a)	3,150	—	—	3,150	378,388
2023	10%	Due on Demand	\$ 0.29	1,000	—	—	1,000	3,905,526
2024	10%	1 year	\$ 0.13	11,030	—	939	11,969	132,861,455
				\$ 16,075	\$ —	\$ 939	\$ 17,014	176,600,533
		Current		\$ 16,075	\$ —	\$ 939	\$ 17,014	176,600,533
		Total		\$ 28,965	\$ 179	\$ 939	\$ 29,725	176,600,533

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

The weighted-average stated annual interest rate of notes payable was 14% and 13% for the nine months ended September 30, 2025 and the year ended December 31, 2024, respectively. The weighted-average effective annual interest rate of notes payable as of September 30, 2025 and December 31, 2024 was 17% and 16%, respectively, after giving effect to discounts relating to conversion features, warrants and deferred financing costs relating to the notes.

As of September 30, 2025, future contractual principal payments due on notes payable were as follows (in thousands):

Year Ending	
2025 (three months)	\$ 26,142
2026	606
2027	2,321
Total	<u>\$ 29,069</u>

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

Commencing one year from the original issue date, the convertible promissory notes became convertible at the option of the holder into shares of the Company's common stock at an initial conversion price of \$1.48 per share, which equaled the "Average volume-weighted average price" ("Average VWAP") of the Company's common stock on the effective date. The initial conversion price is subject to adjustment as of the end of each three-month period following the original issue date, commencing May 31, 2021, to equal the Average VWAP as of the end of such three-month period if such Average VWAP is less than the then-conversion price. There is no floor on the conversion price. The conversion price will be subject to further adjustment in the event of a stock split, reverse stock split or certain other events specified in the convertible promissory notes. In January 2023, \$500,000 principal amount of convertible promissory notes was converted into 1,351,351 shares of the Company's common stock. In April 2023, \$1 million principal amount of the convertible promissory note was converted into 2,702,702 shares of common stock. In April 2024, \$260,000 principal amount plus accrued interest was converted into 2,019,608 shares of the Company's stock. For the year ended December 31, 2024, the Company repaid \$455,000 principal amount of the convertible promissory notes. For nine month ended September 30, 2025,

the Company repaid \$210,000 principal amount of the convertible promissory notes. As of September 30, 2025, the conversion price was \$0.01 per share.

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

In February and March 2024, the Company entered into Exchange Agreements (the "Exchange Notes") with certain convertible notes holders pursuant to which it agreed to issue total of \$11.1 million principal amount of convertible promissory notes of the Company due one year from issuance of the Exchange Notes in exchange for the surrender for cancellation and satisfaction in full of a like principal amount of our outstanding convertible promissory notes due in 2024. The surrendered notes bore interest at the annual rate of 2%, payable semi-annually, and were convertible at the election of the holder into shares of the Company's common stock at the conversion rate of \$0.13 per share. The Exchange Notes bear interest at the annual rate of 10% and are convertible into shares of the Company's common stock at an initial conversion rate of \$0.13 per share, subject to decrease, but not increase, at the end of each three-month period from issuance to equal the VWAP (as defined) of the Company's common stock and to adjustment in the event of a stock split, reverse stock split and similar events. The principal amount of and accrued interest on the Exchange Notes will be payable in two equal semi-annual installments. No additional consideration was paid in connection with the exchange. The convertible promissory notes are general, unsecured obligations of the Company. Management evaluated if the transaction qualified as troubled debt restructuring under ASC 470-60. Since the Company was experiencing financial difficulty and the effective borrowing rate on the restructured debt is less than the effective borrowing rate on the original debt, this transaction was accounted for as a troubled debt restructuring. As a result, the Company recorded gain on restructured debt of \$1.0 million in the condensed consolidated statements of operations for the nine months ended September 30, 2024. As of September 30, 2025, \$11.0 million principal amount of the Exchange Notes was due and payable on demand.

The conversion feature of the original convertible promissory notes and the Exchange Notes is separately accounted for at fair value as a derivative liability under guidance in ASC 815 that is remeasured at fair value on a recurring basis using Level 3 inputs, with any changes in the fair value of the conversion feature liability recorded in the condensed consolidated statements of operations. The following table sets forth the fair value of the conversion feature liability as of December 31, 2024 (in thousands). As of September 30, 2025, the convertible promissory note became due and the conversion rate exceeded stock price and, therefore, the fair value of conversion feature was determined to be zero.

Convertible promissory notes	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 162	\$ 451
Change in fair value included in the statements of operations	(162)	(289)
Balance, end of period	\$ —	\$ 162

In September 2023, Smart Start Investments Limited, of which Wei Pei Zen, a director of the Company, is a director and 9.96% shareholder, loaned the Company the principal amount of \$1 million in exchange for a convertible promissory note of the Company. The convertible promissory note was due on September 5, 2024, bears interest at the annual rate of 10%, payable at maturity, and is convertible at the option of the holder into shares of the Company's common stock at a conversion rate of \$0.29 a share, subject to adjustment in the event of a stock split, reverse stock split or similar event.

On March 5, 2024, the conversion feature of the convertible promissory note no longer met the scope exception in ASC 815-10-15-74 as the investors' Rule 144(d) holding period for the Company had ended and was separately accounted for at fair value as a derivative liability that is remeasured at fair value on a recurring basis using Level 3 inputs, with any changes in fair value of the conversion feature liability recorded in the condensed consolidated statements of operations. In September 2024, the convertible promissory note became due. As of September 30, 2025, the conversion rate exceeded stock price and, therefore, the fair value of conversion feature was determined to be zero.

Beginning in February 2024, two related holders of demand promissory notes of the Company in the aggregate principal amount of approximately \$2.8 million demanded repayment of the notes plus accrued interest. The Company has acknowledged its indebtedness to the holders and intends to seek to enter into a plan to repay the notes in installments. To date, the parties have not reached an agreement with respect to repayment of the notes.

In March 2024, Smart Start Investments Limited, of which Wei Peu Zen, a director of the Company is a director and 9.96% shareholder, loaned the Company the principal amount of \$1,400,000. The loan was due in two months and bears interest at the rate of 2.5% per month. As of May 2024, the loan became due on demand and default rate of 5.0% per month became applicable.

In September 2024, Emmaus Medical entered into Sale of Future Receipts Agreement (the "September 2024 loan") with third party pursuant to which it sold and assigned \$1,298,000 of future receipts (the "Purchased Amount") in exchange for net cash proceeds of \$800,000. Under the agreement, the Company agreed to pay the third party \$35,000 weekly for 10 weeks and \$41,217 weekly thereafter until the Purchase Amount has been collected. In February 2025, the Company repaid in full the outstanding balance of \$343,000 and recognized debt extinguishment loss of \$164,000 as the Company entered into another agreement discussed below.

In December 2024, Emmaus Medical entered into Sale of Future Receipts Agreement (the "December 2024 loan") with third party pursuant to which it sold and assigned \$1,475,000 of future receipts (the "Purchased Amount") in exchange for net cash proceeds of \$910,000. Under the agreement, the Company agreed to pay the third party \$43,382 weekly until the Purchase Amount has been collected. In May 2025, the Company repaid in full the outstanding balance of \$412,000 and recognized debt extinguishments loss of \$212,000 as the Company entered into another agreement discussed below.

In February 2025, the Company entered into an Agreement for the Purchase and Sales of Future Receipts (the "February 2025 loan") with a third party pursuant to which it sells \$1,908,000 of future receipts (the "Purchased Amount") in exchange for net proceeds of \$1,325,000 with origination fee of \$119,000. Under the agreement, the Company agrees to pay the third party approximately \$49,000 weekly until the Purchased Amount has been collected. A portion of the net proceeds were used to pay off the September 2024 loan discussed above. As of September 30, 2025, the outstanding balance of the loans were approximately \$732,000. In August 2025, the Company repaid in full the outstanding balance of \$612,000 and recognized debt extinguishments loss of \$296,000 as the Company entered into another agreement discussed below.

In April 2025, the Company entered into an Agreement for the Purchase and Sales of Future Receipts with a third party pursuant to which it sells \$2,102,500 of future receipts (the "Purchased Amount") in exchange for net proceeds of \$1,450,000 with origination fee of \$130,500. Under the agreement, the Company agrees to pay the third party approximately \$62,000 weekly until the Purchased Amount has been collected. A portion of the net proceeds were used to pay off the December 2024 loan discussed above. As of September 30, 2025, the outstanding balance of the loans were \$1.1 million. In October 2025, the Company repaid in full the outstanding balance of approximately \$648,000 as the Company entered into another agreement discussed in Note 12.

In June 2025, the Company entered into an Agreement for the Future Receivables Sale and Purchase Agreement (the "June 2025 loan") with a third party pursuant to which it sold and assigned \$1,012,500 of future receipts (the "Purchased Amount") in exchange for net proceeds of \$750,000 with origination fee of \$37,550. Under the agreement, the Company agrees to pay the third party approximately \$51,000 weekly until the Purchased Amount has been collected. As of September 30, 2025, the outstanding balance of the loans was \$675,000. In October 2025, the Company repaid in full the outstanding balance of principal and interest of approximately \$253,000 as the Company entered into another agreement discussed in Note 12.

In August 2025, the Company entered into an Agreement for the Purchase and Sale of Future Receipts with a third party pursuant to which it sold and assigned \$1,885,000 of future receipts (the "Purchased Amount") in exchange for net proceeds of \$1,183,000, net of an origination fee of \$117,000. Under the agreement, the Company agrees to pay the third party approximately \$59,000 weekly until the Purchased Amount has been collected. A portion of the net proceeds were used to pay off the February 2025 loan. In October 2025, the Company repaid in full the outstanding balance of approximately \$1,207,000 as the Company entered into another agreement discussed in Note 12.

In September 2025, the Company entered into a Purchase of Future Receipts Agreement with a third party. It loaned principal amount of \$140,800 with financial charge of \$64,700. Under the agreement, the Company agree to pay the third party approximately \$11,000 weekly for 18 weeks.

Except as otherwise indicated above, the net proceeds of the foregoing loans and other arrangements were used to augment the Company's working capital.

NOTE 8 — STOCKHOLDERS' DEFICIT

Warrant issued for services — On January 12, 2023, the Company granted two consultants to the Company five-year warrants to purchase up to 250,000 shares of common stock each at an exercise price of \$0.50 a share. On January 27, 2023, the Company also granted a consulting company a five-year warrant to purchase up to 500,000 shares of common stock at an exercise price of \$0.47 a share. The warrants are subject to adjustment in the event of a stock split, reverse stock split and similar events. The fair value of the warrants was determined using the Black-Scholes Merton option pricing model. The fair value of the underlying shares was determined based upon the market value of the common stock. The expected volatility was adjusted using the historical volatility of the common stock and the market price of comparable publicly traded securities. The warrants are classified as a liability. For the three months ended September 30, 2025 and 2024, the Company recorded the change in fair value of approximately

\$2,000 and \$38,000, respectively, and for the nine months ended September 30, 2025 and 2024, the Company recorded the change in fair value of approximately \$(3,000) and \$35,000, respectively, in the condensed consolidated statements of operations.

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

	September 30, 2025	December 31, 2024
Stock price	\$ 0.01	\$ 0.01
Exercise price	\$0.47 - \$0.50	\$0.47 - \$0.50
Expected term	2.28-2.32 years	3.03-3.07 years
Risk-free rate	3.60%	4.27%
Dividend yield	—	—
Volatility	512.41% - 517.15%	444.84%-447.87%

A summary of outstanding warrants as of September 30, 2025 and December 31, 2024 is presented below:

	September 30, 2025		December 31, 2024	
	Number of Warrants	Weighted-Average Exercise Price	Number of Warrants	Weighted-Average Exercise Price
Warrants outstanding, beginning of period	4,625,000	\$ 0.81	4,732,391	\$ 0.95
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled, forfeited or expired	(3,625,000)	0.90	(107,391)	7.21
Warrants outstanding, end of period	1,000,000	\$ 0.49	4,625,000	\$ 0.81
Warrants exercisable end of period	1,000,000	\$ 0.49	4,625,000	\$ 0.81

As of September 30, 2025, the weighted-average remaining contractual life of outstanding warrants was 2.3 years.

Stock options— The Company's former 2011 Stock Incentive Plan permitted grants of incentive stock options to employees, including executive officers, and other share-based awards such as stock appreciation rights, restricted stock, stock units, stock bonus and unrestricted stock awards to employees, directors, and consultants for up to 9,000,000 shares of common stock. Options granted under the 2011 Stock Incentive Plan generally expire ten years after grant. Options granted to directors vest in quarterly installments and all other option grants vest over a minimum period of three years, in each case, subject to continuous service with the Company. The 2011 Stock Incentive Plan expired in May 2021 and no further awards may be made under the Plan. As of September 30, 2025 and December 31, 2024, stock options to purchase up to 1,300,774 and 1,461,443 shares, respectively were outstanding under the 2011 Stock Incentive Plan.

The Company also had an Amended and Restated 2012 Omnibus Incentive Compensation Plan under which the Company could grant incentive stock options to selected employees including officers, non-employee consultants and non-employee directors. The Plan was terminated in September 2021. As of September 30, 2025 and December 31, 2024 stock options to purchase up to 243,968 shares were outstanding under the Amended and Restated 2012 Omnibus Incentive Plan.

On September 29, 2021, the Board of Directors of the Company adopted the Emmaus Life Sciences, Inc. 2021 Stock Incentive Plan upon the recommendation of the Compensation Committee of the Board. The 2021 Stock Incentive Plan was approved by stockholders on November 23, 2021. No more than 4,000,000 shares of common stock may be issued pursuant to awards under the 2021 Stock Incentive Plan. The number of shares available for Awards, as well as the terms of outstanding awards, is subject to adjustment as provided in the 2021 Stock Incentive Plan for stock splits, stock dividends, reverse stock splits, recapitalizations and other similar events. During the nine months ended September 30, 2024, the Company granted options to purchase 1,620,000 shares, 300,000 shares and 440,000 shares of common stock to employees, non-employee directors and consultants, respectively. All options are exercisable for ten years from the date of grant and will vest and become exercisable with respect to the underlying shares over three years for employees, one year for non-employee directors and immediately for the consultant. As of September 30, 2025 and December 31, 2024, stock options to purchase up to 3,070,000 and 3,580,833 shares, respectively, were outstanding under the 2021 Stock Incentive Plan.

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

A summary of outstanding stock options as of September 30, 2025 and December 31, 2024 is presented below:

	September 30, 2025		December 31, 2024	
	Number of Options	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price
Options outstanding, beginning of period	5,287,284	\$ 3.54	3,223,881	\$ 5.97
Granted or deemed granted	—	\$ —	2,360,000	\$ 0.15
Exercised	—	\$ —	—	\$ —
Cancelled, forfeited and expired	(672,542)	\$ 2.88	(296,597)	\$ 0.34
Options outstanding, end of period	4,614,742	\$ 3.64	5,287,284	\$ 3.54
Options exercisable, end of period	4,542,520	\$ 3.63	4,819,920	\$ 3.59
Options available for future grant	930,000		419,167	

During the three months ended September 30, 2025 and September 30, 2024 the Company recognized approximately \$9,000 and \$28,000, respectively of share-based compensation expense. During the nine months ended September 30, 2025 and September 30, 2024, the Company recognized approximately \$18,000 and \$227,000, respectively, of share-based compensation expense. As of September 30, 2025, there was approximately \$9,000 of unrecognized share-based compensation expense related to unvested stock options which is expected to be recognized over the weighted-average remaining vesting period of 0.3 year.

NOTE 9 — INCOME TAX

The quarterly provision for or benefit from income taxes is computed based upon the estimated annual effective tax rate and the year-to-date pre-tax income (loss) and other comprehensive income (loss).

For the three months ended September 30, 2025 and September 30, 2024, the Company recorded an income tax provision of \$579,000 and an income tax benefit \$1,000, respectively. For the nine months ended September 30, 2025 and September 30, 2024, the Company recorded an income tax benefit of \$7,000 and an income tax provision of \$23,000, respectively. The Company did not record a provision for federal income tax due to its net operating loss carryforwards. The Company established a full valuation allowance against its federal and state deferred tax assets and there was no unrecognized tax benefit as of September 30, 2025 or December 31, 2024.

NOTE 10 — LEASES

Operating leases — The Company leases its office space under operating leases with unrelated entities.

Prior to November 2024, the Company leased 21,293 square feet of office space for its headquarters in Torrance, California, at a base rental of \$90,069 per month pursuant to lease, as amended which was to expire on September 30, 2026. In November 2024, the lease was amended to, among other things, reduce the leased space to 4,639 square feet at a base rental of \$18,556 per month and to provide for the upfront payment of approximately \$58,483 to fund the cost of demising work on the former leased space. The amended lease became effective on April 2, 2025 and will expire on April 1, 2030. As a result, the Company recognized \$0.9 million gain on lease modification included in the condensed consolidated statements of operations. In addition, the Company leases 1,163 square feet of office space in Dubai, United Arab Emirates, which lease will expire on June 19, 2026.

The lease expense during the three months ended September 30, 2025 and September 30, 2024, was approximately \$90,000 and \$263,000, respectively, and during the nine months ended September 30, 2025 and September 30, 2024, was approximately \$436,000 and \$853,000, respectively.

As of September 30, 2025, future minimum lease payments under the lease agreements were as follows (in thousands):

	Amount
2025 (three months)	\$ 79
2026	510
2027	506
2028	513
2029 and after	651
Total lease payments	2,259
Less: Interest	413
Current portion	348
Operating lease liabilities, less current portion	\$ 1,498

As of September 30, 2025, the Company had an operating lease right-of-use asset of \$0.8 million and lease liability of \$1.8 million reflected on the condensed consolidated balance sheet. The weighted average remaining term of the Company's leases as of September 30, 2025 was 4.4 years and the weighted-average discount rate was 10.48%.

NOTE 11 — COMMITMENTS AND CONTINGENCIES

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

In December 2024, a lower court in Dubai, UAE, rendered a judgment against the Company's Emmaus Medical, Inc. subsidiary in the amount of AED546,246, or approximately \$150,000, in favor of a former employee of the subsidiary's Dubai officer in a lawsuit brought by the former employee in connection with the termination of his employment. The court denied the former employee's claims for further commissions and compensation for unlawful termination, as well as the Company's counterclaims for reimbursement of commissions paid and damages for wrongful acts. The former employee appealed the lower court's judgment and in a ruling on May 1, 2025, the appeals court awarded the former employee AED 1,775,722, or approximately \$483,500, in further commissions. The Company has recorded legal settlement expenses of approximately \$483,500 in general and administrative expenses in the condensed consolidated statements of operations for the three months and nine months ended in September 30, 2025.

NOTE 12 — RELATED PARTY TRANSACTIONS

The following table sets forth information relating to loans from related parties outstanding at any time during the nine months ended September 30, 2025 (in thousands):

Class	Lender	Interest Rate	Date of Loan	Term of Loan	Principal Amount Outstanding at September 30, 2025	Highest Principal Outstanding	Amount of Principal Repaid or Converted to Shares	Amount of Interest Paid
Promissory notes payable to related parties:								
	Willis Lee(2)	12%	10/29/2020	On Demand	100	100	—	—
	Soomi Niihara(1)	12%	12/7/2021	On Demand	700	700	—	—
	Hope International Hospice, Inc.(1)	10%	2/9/2022	On Demand	350	350	—	—
	Hope International Hospice, Inc.(1)	10%	2/15/2022	On Demand	210	210	—	—
	Soomi Niihara(1)	10%	2/15/2022	On Demand	100	100	—	—
	Hope International Hospice, Inc.(1)	12%	3/15/2022	On Demand	150	150	—	—
	Hope International Hospice, Inc.(1)	12%	3/30/2022	On Demand	150	150	—	—
	Wei Peu Zen(2)	10%	3/31/2022	On Demand	200	200	—	—
	Albert Niihara(1)	10%	4/5/2022	On Demand	110	350	240	85
	Willis Lee(2)	10%	4/14/2022	On Demand	45	45	—	—
	Albert Niihara(1)	10%	4/19/2022	On Demand	250	250	—	—
	Hope International Hospice, Inc.(1)	10%	5/25/2022	On Demand	40	40	—	—
	Dr. Yutaka and Soomi Niihara(1) (3)	12%	7/27/2022	5 years	402	402	—	32
	Dr. Yutaka and Soomi Niihara(1)	10%	8/16/2022	5 years	250	250	—	17
	Dr. Yutaka and Soomi Niihara(1)	10%	8/16/2022	5 years	1,669	1,669	—	111
	Hope International Hospice, Inc.(1)	10%	8/17/2022	On Demand	50	50	—	—
	Hope International Hospice, Inc.(1)	10%	10/20/2022	On Demand	100	100	—	—
	Hope International Hospice, Inc.(1)	10%	3/17/2023	On Demand	100	100	—	—
	Dr. Yutaka and Soomi Niihara(1)	10%	3/21/2023	On Demand	127	127	—	—
	Wei Peu Zen(2)	60%	12/1/2023	2 months	350	350	—	—
Total					\$ 5,453	\$ 5,693	\$ 240	\$ 245

- (1) Dr. Niihara, a former Director and former Chairman and Chief Executive Officer of the Company, is also a director and the Chief Executive Officer of Hope International Hospice, Inc.
- (2) Officer or director.
- (3) Carrying amount of this loan includes \$57,000 of unamortized discount.

The following table sets forth information relating to loans from related parties outstanding at any time during the year ended December 31, 2024:

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

- (1) Dr. Niihara, a former Director and former Chairman and Chief Executive Officer of the Company, is also a director and the Chief Executive Officer of Hope International Hospice, Inc.
- (2) Officer or director.
- (3) Carrying amount of this loan includes \$75,000 of unamortized discount.

See Note 7 for more information on recent developments with respect to certain related-party loans.

See Notes 5, 6 and 11 for a discussion of the Company's agreements with Telcon, which holds 4,147,491 shares of common stock of the Company, or approximately 6.5% of the common stock outstanding as of September 30, 2025. As of September 30, 2025, the Company held a Telcon convertible bond in the principal amount of KRW17.0 billion, or approximately \$12.1 million, as discussed in Note 5.

NOTE 13 — SUBSEQUENT EVENTS

In October 2025, the Company entered into a Future Receivables Sale and Purchase Agreement with a third party pursuant to which it sold \$938,250 of future receipts (the "Purchased Amount") in exchange for net proceeds of \$641,200, net of an origination fee of \$33,800. Under the agreement, the Company agrees to pay the third party approximately \$52,000 weekly until the Purchased Amount has been collected. A portion of the net proceeds were used to pay off the June 2025 loan discussed in Note 7.

In October 2025, the Company entered into a Business Loan and Security Agreement with a third party pursuant to which the Company borrows principal amount of \$2.5 million with administrative fee of \$250,000 in exchange for repayments of two

outstanding loans total principal and interest of approximately \$1,855,000 and net proceeds of approximately \$395,000. The Company agrees to pay the third party approximately \$94,000 weekly for 38 weeks.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In the following discussion, the terms, "we," "us," "our," "Emmaus" or the "Company" refer to Emmaus Life Sciences, Inc. and its direct and indirect subsidiaries.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission ("SEC") on April 14, 2025 (the "Annual Report").

This Quarterly Report contains forward-looking statements that involve substantial risks and uncertainties. All statements other than historical facts contained in this report, including statements regarding our future financial position, capital expenditures, cash flows, business strategy and plans and objectives of management for future operations are forward-looking statements. The words "anticipate," "believe," "expect," "plan," "intend," "seek," "estimate," "project," "could," "may" and similar expressions are intended to identify forward-looking statements. These statements include, among others, information regarding future operations, future capital expenditures, and future net cash flow. Such statements reflect our management's current views with respect to future events and financial performance and involve risks and uncertainties, including those set forth in the "Risk Factors" section of the Annual Report, many of which are beyond our control.

Should one or more of these risks or uncertainties occur, or should underlying assumptions prove to be incorrect, actual results may vary materially and adversely from those anticipated, believed, estimated or otherwise indicated. Consequently, all forward-looking statements made in this Form 10-Q are qualified by these cautionary statements. We undertake no duty to amend or update these statements beyond what is required by SEC reporting requirements.

Company Overview

We are a commercial-stage biopharmaceutical company engaged in the discovery, development, marketing and sale of innovative treatments and therapies, primarily for rare and orphan diseases. Our only product, Endari® (prescription-grade L-glutamine oral powder) is approved by the U.S. Food and Drug Administration, or FDA, to reduce the acute complications of sickle cell disease ("SCD"), in adult and pediatric patients five years of age and older. In April 2022, Endari® was approved by the Ministry of Health and Prevention in the United Arab Emirates, or U.A.E, in adults and pediatric patients five years of age and older. In November and December of 2022, we received marketing authorizations for Endari® in Qatar and Kuwait, respectively. In May 2023, we received approval for marketing of Endari to treat SCD from the Bahrain National Health Regulatory Authority. In July 2023, we received marketing approval for Endari® in Oman. Application for marketing authorization in the Kingdom of Saudi Arabia is pending. While the application is pending, the FDA approval of Endari® can be referenced to allow access to Endari® on a named-patient basis.

Endari® is sold in the U.S. primarily through our nonexclusive distributors. Endari® is reimbursable by the Centers for Medicare and Medicaid Services, and every state provides coverage for Endari® for outpatient prescriptions to all eligible Medicaid enrollees within their state Medicaid programs. Endari® is also reimbursable by many commercial payors. We have agreements in place with the nation's leading distributors as well as physician group purchasing organizations and pharmacy benefits managers, making Endari® available at selected retail and specialty pharmacies nationwide.

As of September 30, 2025, our accumulated deficit was \$268.1 million, and we had cash and cash equivalents of \$0.3 million. Until we can generate sufficient net revenues from Endari® sales or enter into one or more strategic transactions, our future cash requirements are expected to be financed through loans from related parties, third-party loans, public or private equity or debt financings or possible corporate collaboration and licensing arrangements. We are unable to predict if or when we may generate increased net revenues or accomplish strategic transactions.

Results of Operations:

Three months ended September 30, 2025 and 2024

Net Revenues. Net revenues decreased by \$2.1 million, or 38%, to \$3.4 million for the three months ended September 30, 2025, compared to \$5.5 million for the three months ended September 30, 2024 due to a decrease in U.S. sales, which management attributes to competition from a generic version of L-Glutamine oral powder introduced into U.S. market in mid-2024 as discussed below and a decrease of sales in the MENA region, which management attributes to the timing of sales in the region.

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

Cost of Goods Sold. Cost of goods sold decreased by \$0.1 million, or 37%, to \$0.2 million for the three months ended September 30, 2025, compared to \$0.4 million for the three months ended September 30, 2024. The decrease was primarily due to the decrease in sales discussed above.

Research and Development Expenses. Research and development expenses decreased by \$0.1 million, or 66%, to \$50,000 for the three months ended September 30, 2025, compared to \$150,000 for the three months ended September 30, 2024. The decrease was primarily due to a decrease in payroll expenses from a reduction in headcount implemented in the third quarter of 2024.

Selling Expenses. Selling expenses decreased by \$0.7 million, or 50%, to \$0.7 million for the three months ended September 30, 2025, compared to \$1.3 million for the three months ended September 30, 2024. The decrease was due to decreases of \$0.4 million in consulting fee, \$0.2 million in payroll expenses from a reduction in headcount in our U.S. sales force implemented in the third quarter of 2024, and \$0.1 million in distribution fee.

General and Administrative Expenses. General and administrative expenses decreased by \$1.1 million, or 38%, to \$1.7 million for the three months ended September 30, 2025, compared to \$2.8 million for the three months ended September 30, 2024. The decrease was due to decreases of \$0.5 million in professional services, \$0.4 million in payroll expenses attributable to the reduction in headcount and \$0.2 million in rent expenses attributable to the modification of office lease completed in the second quarter of 2025.

Other Income(Expense). Total other expenses increased by \$3.2 million, or 318%, to \$2.2 million in other expense for the three months ended September 30, 2025, compared to \$1.0 million in other income for the three months ended September 30, 2024. The increase was primarily due to a decrease of \$2.3 million in change in fair value of conversion feature derivative and increases of \$0.6 million in interest expense and \$0.3 million in loss on debt extinguishment.

Net Income(Loss). Net loss was \$2.1 million for three months ended September 30, 2025 and net income was \$1.8 million for three months ended September 30, 2024. The increase in net loss was primarily due to a decrease in net revenue and an increase other expense, partially offset by a decrease in operating expenses,.

Nine months ended September 30, 2025 and 2024

Net Revenues. Net revenues decreased by \$4.8 million, or 36%, to \$8.6 million for the nine months ended September 30, 2025, compared to \$13.4 million for the nine months ended September 30, 2024 due to competition from a generic version of L-Glutamine oral powder introduced into U.S. market in mid-2024 and a decrease of sales in the MENA region.

Cost of Goods Sold. Cost of goods sold decreased by \$0.3 million, or 30%, to \$0.6 million for the nine months ended September 30, 2025, compared to \$0.9 million for the nine months ended September 30, 2024. The decrease was primarily due to the decrease in sales discussed above.

Research and Development Expenses. Research and development expenses decreased by \$0.2 million, or 46%, to \$0.3 million for the nine months ended September 30, 2025, compared to \$0.5 million for the nine months ended September 30, 2024. The decrease was primarily due to a decrease in payroll expenses \$0.2 million from a reduction in headcount.

Selling Expenses. Selling expenses decreased by \$2.9 million, or 60%, to \$2.0 million for the nine months ended September 30, 2025, compared to \$4.9 million for the nine months ended September 30, 2024. The decrease was due to decreases of \$1.2 million in payroll expense, \$1.2 million in consulting fees, \$0.2 million in travel expense, \$0.2 million in distribution fee, and \$0.1 million in marketing expense.

General and Administrative Expenses. General and administrative expenses decreased by \$2.0 million, or 24%, to \$6.4 million for the nine months ended September 30, 2025, compared to \$8.4 million for the nine months ended September 30, 2024. The decrease was primarily due to decreases of \$1.0 million in payroll expense including share-based compensation, \$0.9 million in professional service fees, and \$0.5 million in rent expense, partially offset by an increase of \$0.5 million in legal settlement fee.

Other Expense. Total other expense increased by \$1.5 million, or 46% to \$4.9 million for the nine months ended September 30, 2025, compared to \$3.3 million for the nine months ended September 30, 2024. The increase was due to increases of

\$0.7 million in loss on debt extinguishment, and \$0.7 million in interest expense, and a decrease of \$1.0 million in gain on restructured debt, partially offset by an increase of \$0.9 million in gain on lease modification.

Net Loss. Net loss was \$5.5 million and \$4.7 million for nine months ended September 30, 2025 and September 30, 2024, respectively.

Liquidity and Capital Resources

Based on our losses to date, current liabilities and anticipated future net revenues, operating expenses and debt repayment obligations, and cash and cash equivalents of \$0.3 million as of September 30, 2025, we do not have sufficient operating capital for our business without raising additional capital. We realized a net loss of \$5.5 million for the nine months ended September 30, 2025 and we may continue to incur net losses for the foreseeable future and until we can generate increased net revenues from Endari® sales. There is no assurance that we will be able to increase our Endari® sales or attain sustainable profitability, or that we will have sufficient capital resources to fund our operations until we are able to generate sufficient cash flow from operations or accomplish a strategic transaction.

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

As of September 30, 2025, we had outstanding \$15.9 million principal amount of convertible promissory notes and \$10.9 million principal amount of other notes payable reflected in our current liabilities. Our minimum lease payment obligations were \$2.3 million, of which \$0.3 million was payable within 12 months.

Our API supply agreement with Telcon provides for an annual API purchase target of \$5 million and a target “profit” (*i.e.*, gross margin) to Telcon of \$2.5 million. To the extent these targets are not met, Telcon may be entitled to payment of the shortfall or to offset the shortfall against the Telcon convertible bond and proceeds thereof that are pledged as collateral to secure our obligations. With our consent, in April 2025, Telcon offset KRW3.1 billion, or approximately \$2.1 million, against the principal amount of the Telcon convertible bond and we released KRW49 million, or approximately \$34,000, in cash proceeds to Telcon in satisfaction the target shortfall for the year ended 2024.

Due to uncertainties regarding our ability to meet our current and future operating and capital expenses, there is substantial doubt about our ability to continue as a going concern for 12 months from the date that our condensed consolidated financial statements are issued, as referred to in the “Risk Factors” section of our Annual Report and Note 2 of the Notes to Condensed Consolidated Financial Statements included herein.

Cash flows for the nine months ended September 30, 2025 and September 30, 2024

Net cash used in operating activities

Net cash used in operating activities decreased by \$0.4 million, or 16%, to \$2.2 million for the nine months ended September 30, 2025 from \$2.6 million for the nine months ended September 30, 2024. This decrease was primarily due to a decrease in loss from operations.

Net cash provided by investing activities

Net cash provided by investing activities decreased by \$0.3 million, or 13%, to \$2.2 million for the nine months ended September 30, 2025 compared to \$2.5 million for the nine months ended September 30, 2024. The decrease was primarily due to a decrease of proceeds from sales of Telcon convertible bond.

Net cash used in financing activities

Net cash used in financing activities decreased by \$0.1 million, or 8%, to \$1.1 million for the nine months ended September 30, 2025 from \$1.2 million for the nine months ended September 30, 2024. The decrease was due to a decrease of \$1.4 million in proceeds from note payable issued, partially offset by an increase of \$1.3 million in repayments of promissory notes and convertible notes.

Off-Balance-Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Estimates

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

Refer to "Critical Accounting Policies" in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Annual Report for our critical accounting policies. There have been no material changes in any of our critical accounting policies during the nine months ended September 30, 2025.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required for a smaller reporting company.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures ("DCP") are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. DCP include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosures.

As of the end of the period covered by this Form 10-Q, we conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Accounting Officer, of the effectiveness of our DCP. Based on that evaluation, our Chief Executive Officer and Chief Accounting Officer concluded that the Company's DCP were not effective due to the material weaknesses described below.

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) that occurred during the fiscal quarter ended September 30, 2025 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Material Weaknesses

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

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

- engaging third-party accounting consulting firms to assist us in the review of our application of GAAP to complex transactions;

- using GAAP Disclosure and SEC Reporting Checklists;
- continuing professional training and academic education on accounting subjects for accounting staff;
- enhancing attention to review controls related to our financial closing process and reporting;
- subscribing to relevant online services and other supplemental internal and external resources relating to SEC reporting; and
- establishing a Disclosure Committee to seek to ensure more effective internal communication regarding significant transactions and our financial reporting.

We implemented an integrated cloud-based enterprise resource planning system to manage our financial information and replace our outdated financial accounting systems and software. As a result of these actions, management has concluded that the certain material weaknesses identified in previous fiscal years have been remediated but that there continued to be material weaknesses in our internal control over financial reporting as of September 30, 2025. In particular, our finance and accounting department is not adequately staffed, which has sometimes resulted in not all policies and procedures being properly documented.

Part II. Other Information

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

See “Risk Factors” section of the Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished
		Form	File No.	Exhibit	Filing Date	
10.1	Agreement for the Purchase and Sale of Future Receipts with Agile Capital					*
10.2	Future Receivables Sale and Purchase Agreement with Velocity Capital Group					*
31.1	Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of Chief Accounting Officer pursuant of Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
32.1	Certification of Chief Executive Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document					
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Document					
104	Cover Page formatted as Inline XBRL and contained in Exhibit 101					

* Filed herewith.

** This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

EMMAUS LIFE SCIENCES, INC.

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.

Dated: November 14, 2025

Emmaus Life Sciences, Inc.

By: /s/ WILLIS C. LEE
Name: Willis C. Lee
Its: Chief Executive Officer (Principal Executive Officer)

By: /s/ Hiroko Huynh
Name: Hiroko Huynh
Its: Chief Accounting Officer (Principal Financial Officer)

Agreement for the Purchase and Sale of Future Receipts

Seller's Legal Name: EMMAUS MEDICAL, INC.

D/B/A: EMMAUS MEDICAL

Form of Business Entity: ☐ Corporation; ☐ Limited Liability Company; ☐ Partnership; ☐ Limited Partnership; ☐ Limited Liability Partnership; ☐ Sole Proprietorship; ☐ Other:

Street Address: 21250 HAWTHORNE BLVD STE 800 **City:** TORRANCE **State:** CA **Zip:** 90503

Mailing Address: 251 LITTLE FALLS DRIVE **City:** WILMINGTON **State:** DE **Zip:** 19808

Primary Contact: Title: __ **Time in Business:** **Federal Tax ID:** 06-1708146

Purchase Price: \$1,300,000 **Purchased Amount:** \$ 1,885,000

Average Projected Monthly Sales: \$ 1,169,216.02

Specified Percentage: 30 % (Average Projected Monthly Sales x Specified Percentage / Average Business Days in a Calendar Month)

Initial Weekly **Amount:** Please see Exhibit B-4 **Origination Fee:** \$117,000.00 (to be deducted from the Purchase Price) **Payment will be withdrawn every**
Friday

Account for the Deposit of All Future Receipts: Bank: US BANK

Account No:

July 31, 2025

Effective, Seller, identified above, hereby sells, assigns and transfers to AGILE CAPITAL FUNDING, LLC ("Buyer" or

"Agile Capital Funding") located at 244 Madison Ave, Suite 168, New York, NY 10016 without recourse, the Specified Percentage of the proceeds of each future sale made by Seller (collectively "Future Receipts") until Seller has received the Purchased Amount. "Future Receipts" includes all payments made by cash, check, ACH or other electronic transfer, credit card, debit card, bank card, charge card (each such card shall be referred to herein as a "Payment Card") or other form of monetary payment in the ordinary course of Seller's business. As payment for the Purchased Amount, Buyer will deliver to Seller the Purchase Price, shown above, minus any Origination Fee shown above. Seller acknowledges that it has no right to repurchase the Purchased Amount from Buyer. Both parties agree that the obligation of Buyer under this Agreement will not be effective unless and until Buyer has completed its review of the Seller and has accepted this Agreement by delivering the Purchase Price, minus any Origination Fee. Prior to accepting this Agreement, Buyer may conduct a processing trial to confirm its access to the Account and the ability to withdraw the Initial Daily Amount. If the processing trial is not completed to the satisfaction of Buyer, Buyer will refund to Seller all funds that were obtained by Buyer during the processing trial.

Agreement of Seller: By signing below Seller agrees to the terms and conditions contained in this Agreement, including those terms and conditions on the following pages, and further agrees that this transaction is for business purposes and not for personal, family, or household purposes.

Seller: EMMAUS MEDICAL, INC.

Agreed to by: (Signature), its Authorized Representative (Title)

Name: WILLIS C. LEE

Agreed to by: (Signature), its Authorized Representative (Title)

Name:

Buyer: Agile Capital Funding

Agreed to by: (Signature), its CFO

Initials: _

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Agreement of Each Seller: Each Seller signing below agrees to the terms of the Credit Report Authorization below.

Seller: EMMAUS MEDICAL, INC.

Agreed to By: _____ (Signature);

Name: WILLIS C. LEE

Authorized Representative (Title)

1. Delivery of Purchased Amount: Seller must deposit all Future Receipts into the single business banking account specified above, which may not be used for any personal, family or household purposes (the "Account") and must instruct Seller's credit card processor, which must be approved by Buyer (the "Processor") to deposit all Payment Card receipts of Seller into the Account. Seller agrees not to change the Account or add an additional Account without the express written consent of Buyer. Seller authorizes Buyer to debit the Weekly Amount from the Account each business day by either ACH or electronic check. Seller will provide Buyer with all required access codes and agrees not to change them without prior written consent from Buyer. Seller will provide an appropriate ACH authorization to Buyer. Seller understands that it is responsible for either ensuring that the Weekly Amount is available in the Account each business day or advising Buyer prior to each weekly withdrawal of a shortage of funds. Otherwise, Seller will be responsible for any fees incurred by Buyer resulting from a rejected electronic check or ACH debit attempt, as set forth on Appendix A. Buyer is not responsible for any overdrafts or rejected transactions that may result from Buyer's debiting any amount authorized under the terms of this Agreement. Seller understands that the foregoing ACH authorization is a fundamental condition to induce Buyer to accept the Agreement. Consequently, such authorization is intended to be irrevocable.

2. Reconciliation and Changes to the Weekly Amount: The Initial Weekly Amount is intended to represent the Specified Percentage of Seller's weekly Future Receipts. For as long as no Event of Default has occurred, Buyer shall on or about the fifteenth day of each month reconcile the Seller's Account ("Account Reconciliation") by either crediting or further debiting the Seller's Account by the difference between the actual amount debited since the date of the last Account Reconciliation and the Specific Percentage of the actual Future Receipts collected by the Seller since the date of the last Account Reconciliation. Failure by Buyer to make an Account Reconciliation at any time for one or more months or portions thereof shall not be deemed as a breach of Buyer's obligation hereunder and each Account Reconciliation shall be made for the entire period of time since the date of the last Account Reconciliation. Buyer may, at Buyer's sole discretion as it deems appropriate and upon Seller's request, adjust the amount of the then- applicable Weekly Amount due under this Agreement in order to cause such Weekly Amount to more accurately reflect an amount which will reduce the need to credit Seller's account on a consistently recurring basis.

3. Weekly Amount Upon Default. Upon the occurrence of an Event of Default, the Weekly Amount shall equal 100% of all Future Receipts.

- 4. Sale of Future Receipts (THIS IS NOT A LOAN):** Seller is selling a portion of a future revenue stream to Buyer at a discount, not borrowing money from Buyer. There is no interest rate or payment schedule and no time period during which the Purchased Amount must be collected by Buyer. If Future Receipts are remitted more slowly than Buyer may have anticipated or projected because Seller's business has slowed down, or if the full Purchased Amount is never remitted because Seller's business went bankrupt or otherwise ceased operations in the ordinary course of business, and Seller has not breached this Agreement, Seller would not owe anything to Buyer and would not be in breach of or default under this Agreement. Buyer is buying the Purchased Amount of Future Receipts knowing the risks that Seller's business may slow down or fail, and Buyer assumes these risks based on Seller's representations, warranties and covenants in this Agreement that are designed to give Buyer a reasonable and fair opportunity to receive the benefit of its bargain. By this Agreement, Seller transfers to Buyer full and complete ownership of the Purchased Amount of Future Receipts and Seller retains no legal or equitable interest therein. Seller agrees that it will treat Purchase Price and Purchased Amount in a manner consistent with a sale in its accounting records and tax returns. Seller agrees that Buyer is entitled to audit Seller's accounting records upon reasonable Notice in order to verify compliance. Seller waives any rights of privacy, confidentiality or tax payer privilege in any such litigation or arbitration in which Seller asserts that this transaction is anything other than a sale of future receipts.

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5. Power of Attorney Seller irrevocably appoints Buyer as its agent and attorney-in-fact with full authority to take any action or execute any instrument or document to settle all obligations due to Buyer from Seller, or in the case of a violation by Seller of this Agreement or the occurrence of an Event of Default under Section 15 hereof by Seller, including without limitation (i) to obtain and adjust insurance; (ii) to collect monies due or to become due under or in respect of any of the Future Receipts; (iii) to receive, endorse and collect any checks, notes, drafts, instruments, documents or chattel paper in connection with clause (i) or clause (ii) above; (iv) to sign Seller's name on any invoice, bill of lading, or assignment directing customers or account debtors to direct payables to Buyer; (v) to file any claims or take any action or institute any proceeding which Buyer may deem necessary for the collection of any of the remaining Purchased Amount of the Future Receipts, or otherwise to enforce its rights with respect to delivery of the Purchased Amount; and/or (vi) to contact any Processor of Seller and to direct such Processor(s) to deliver directly to Buyer all or any portion of the amounts received by such Processor(s) and to provide any information regarding Seller requested by Buyer. Each Processor may rely on the previous sentence as written authorization of Seller to provide any information requested by Buyer. Each Processor is hereby irrevocably authorized and directed by Seller to follow any instruction of Buyer without inquiry as to Buyer's right or authority to give such instructions. Seller acknowledges the terms of the preceding sentence and agrees not to (a) interfere with Buyer's instructions or a Processor's compliance with this Agreement or (b) request any modification thereto without Buyer's prior written consent. Notwithstanding anything to the contrary herein, the power of attorney shall only be effected thirty (30) days after an Event of Default under this Agreement.

6. Fees and Charges: Other than the Origination Fee, if any, set forth above, Buyer is NOT CHARGING ANY ORIGINATION OR BROKER FEES to Seller. If Seller is charged another such fee, it is not being charged by Buyer. A list of all fees and charges applicable under this Agreement is contained in Appendix A.

7. Credit Report and Other Authorizations: Seller and each of the Owners signing above authorize Buyer, its agents and representatives and any credit reporting agency engaged by Buyer, to (i) investigate any references given or any other statements or data obtained from or about Seller or any of its Owners for the purpose of this Agreement, (ii) obtain consumer and business credit reports on the Seller and any of its Owners, and (iii) to contact personal and business references provided by the Seller in the Application, at any time now or for so long as Seller and/or Owners continue to have any obligation owed to Buyer as a consequence of this Agreement or for Buyer's ability to determine Seller's eligibility to enter into any future agreement with Buyer.

8. Authorization to Contact Current and Prior Banks: Seller hereby authorizes Buyer to contact any current or prior bank of the Seller in order to obtain whatever information it may require regarding Seller's transactions with any such bank. Such information may include but is not limited to, information necessary to verify the amount of Future Receipts previously processed on behalf of Seller and any fees that may have been charged by the bank. In addition, Seller authorizes Buyer to contact any current or prior bank of the Seller for collections and in order to confirm that Seller is exclusively using the Account identified above, or any other account approved by Buyer, for the deposit of all business receipts.

9. Financial Information. Seller authorizes Buyer and its agents to investigate its financial responsibility and history, and will provide to Buyer any authorizations, bank or financial statements, tax returns, etc., as Buyer deems necessary in its sole discretion prior to or at any time after execution of this Agreement. A photocopy of this authorization will be deemed acceptable as an authorization for release of financial and credit information. Buyer is authorized to update such information and financial and credit profiles from time to time as it deems appropriate. Seller waives, to the maximum extent permitted by law, any claim for damages against Buyer or any of its affiliates relating to any investigation undertaken by or on behalf of Buyer as permitted by this Agreement or disclosure of information as permitted by this Agreement.

10. Transactional History. Seller authorizes all of its banks and brokers and Payment Card processors to provide Buyer with Seller's banking, brokerage and/or processing history to determine qualification or continuation in this program, or for collections upon an Event of Default.

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11. Publicity. Seller hereby authorizes Buyer to use its name in listings of clients and in advertising and marketing materials.

12.Application of Amounts Received by Buyer. Buyer reserves the right to apply amounts received by it under this Agreement to any fees or other charges due to Buyer from Seller prior to applying such amounts to reduce the amount of any outstanding Purchased Amount.

13. Representations, Warranties and Covenants of Seller:

13.1Good Faith, Best Efforts and Due Diligence. Seller will conduct its business in good faith and will use its best efforts to continue its business at least at its current level, to ensure that Buyer obtains the Purchased Amount.

13.2Stacking Prohibited. Seller shall not enter into any Seller cash advance or any loan agreement that relates to or involves its Future Receipts with any party other than Buyer for the duration of this Agreement. Buyer may share information regarding this Agreement with any third party in order to determine whether Seller is in compliance with this provision.

13.3Financial Condition and Financial Information. Any bank statements and financial statements of Seller that have been furnished to Buyer, and future statements that will be furnished to Buyer, fairly represent the financial condition of Seller at such dates, and Seller will notify Buyer immediately if there are material adverse changes, financial or otherwise, in the condition or operation of Seller or any change in the ownership of Seller. Buyer may request statements at any time during the performance of this Agreement and the Seller shall provide them to Buyer within five business days. Furthermore, Seller represents that all documents, forms and recorded interviews provided to or with Buyer are true, accurate and complete in all respects, and accurately reflect Seller's financial condition and results of operations. Seller further agrees to authorize the release of any past or future tax returns to Seller.

13.4Governmental Approvals. Seller is in compliance and shall comply with all laws and has valid permits, authorizations and licenses to own, operate and lease its properties and to conduct the business in which it is presently engaged and/or will engage in hereafter.

13.5.Authority to Enter Into This Agreement. Seller and the person(s) signing this Agreement on behalf of Seller, have full power and authority to incur and perform the obligations under this Agreement, all of which have been duly authorized.

13.6.Change of Name or Location or Sale or Closing of Business. Seller will not conduct Seller's businesses under any name other than as disclosed to Buyer or change any of its places of business without prior written consent of Buyer. Seller will not sell, dispose, transfer or otherwise convey all or substantially all of its business or assets without (i) the express prior written consent of Buyer, and (ii) the written agreement of any purchaser or transferee assuming all of Seller's obligations under this Agreement pursuant to documentation satisfactory to Buyer. Except as disclosed to Buyer in writing, Seller has no current plans to close its business either temporarily, whether for renovations, repairs or any other purpose, or permanently. Seller agrees that until Buyer has received all of the Purchased Amount Seller will not voluntarily close its business on a temporarily basis for renovations, repairs, or any other purposes. This provision, however, does not prohibit Seller from closing its business temporarily if such closing is required to conduct renovations or repairs that are required by local ordinance or other legal order, such as from a health or fire inspector, or if otherwise forced to do so by circumstances outside of the control of Seller. Prior to any such closure, Seller will provide Buyer ten business days' notice to the extent practicable.

13.7.No Pending or Contemplated Bankruptcy. As of the date Seller executes this Agreement, Seller is not insolvent and does not contemplate and has not filed any petition for bankruptcy protection under Title 11 of the United States Code and there has been no involuntary petition brought or pending against Seller. Seller represents that it has not consulted with a bankruptcy attorney within six months prior to the date of this Agreement. Seller further warrants that it does not anticipate filing a bankruptcy petition and it does not anticipate that an involuntary petition will be filed against it.

13.8.Seller to Maintain Insurance. Seller will possess and maintain insurance in such amounts and against such risks as are necessary to protect its business and will provide proof of such insurance to Buyer upon demand.

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13.9. **Seller to Pay Taxes Promptly.** Seller will promptly pay all necessary taxes, including but not limited to employment and sales and use taxes.
13.10. **No Violation of Prior Agreements.** Seller's execution and performance of this Agreement will not conflict with any other agreement, obligation, promise, court order, administrative order or decree, law or regulation to which Seller is subject, including any agreement the prohibits the sale or pledge of Seller's future receipts.
13.11. **No Diversion of Receipts.** Seller will not permit any event to occur that could cause a diversion of any of Seller's Future Receipts from the Account to any other entity.
13.12. **Seller's Knowledge and Representation.** Seller represents warrants and agrees that it is a sophisticated business entity familiar with the kind of transaction covered by the Agreement; it was represented by counsel or had full opportunity to consult with counsel.

14. Rights of Buyer:

14.1 **Financing Statements Financing Statements and Security Interest.** Following the occurrence of an Event of Default, Seller grants Buyer a security interest in all of Seller's present and future accounts receivable in an amount not to exceed the Purchased Amount, and in the Event of Default, not to exceed the Purchased Amount and all fees and cost contemplated under this Agreement, wherever located, and related proceeds now or hereafter owned or acquired by Seller. Seller authorizes Buyer to file one or more UCC-1 forms consistent with the Uniform Commercial Code ("UCC") in order to give notice of this security interest and that the Purchased Amount of Future Receipts is the sole property of Buyer. The UCC filing may state that such sale is intended to be a sale and not an assignment for security and may state that the Seller is prohibited from obtaining any financing that impairs the value of the Future Receipts or Buyer's right to collect same. Seller authorizes Buyer to debit
14.2 **Right of Access.** In order to ensure that Seller is complying with the terms of this Agreement, Buyer shall have the right to (i) enter, without notice, the premises of Seller's business for the purpose of inspecting and checking Seller's transaction processing terminals to ensure the terminals are properly programmed to submit and or batch Seller's weekly receipts to the Processor and to ensure that Seller has not violated any other provision of this Agreement, and (ii) Seller shall provide access to its employees and records and all other items as requested by Buyer, and (iii) have Seller provide information about its business operations, banking relationships, vendors, landlord and other information to allow Buyer to interview any relevant parties.
14.3 **Phone Recordings and Contact.** Seller agrees that any call between Buyer and Seller, and their agents and employees may be recorded or monitored. Further, Seller agrees that (i) it has an established business relationship with Buyer, its employees and agents and that Seller may be contacted from time-to-time regarding this or other business transactions; (ii) that such communications and contacts are not unsolicited or inconvenient; and (iii) that any such contact may be made at any phone number, emails address, or facsimile number given to Buyer by the Seller, its agents or employees, including cellular telephones.

15. **Events of Default.** The occurrence of any of the following events shall constitute an "Event of Default": (a) Seller interferes with Buyer's right to collect the Weekly Amount; (b) Seller violates any term of covenant in this Agreement; (c) Seller uses multiple depository accounts without the prior written consent of Buyer; (d) Seller changes its depository account or its payment card processor without the prior written consent of Buyer; (e) Seller defaults under any of the terms, covenants and conditions of any other agreement with Buyer; or (f) Seller fails to provide timely notice to Buyer such that (i) where Seller is on a daily payment plan, two or more ACH transactions attempted by Buyer within one calendar month are rejected by Seller's bank, or (ii) where Seller is on a weekly payment plan, one or more ACH transaction attempted by Buyer is rejected by Seller's bank at any given time that such payment under the payment plan is due.

16. **Remedies.** If any Event of Default occurs, Buyer may proceed to protect and enforce its rights including, but not limited to, the following:

16.1. The Specified Percentage shall equal 100%. The full uncollected Purchased Amount plus all fees and charges (including legal fees) due under this Agreement will become due and payable in full immediately.

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16.2. Buyer may enforce the provisions of the Guaranty of Performance against the guarantor. Notwithstanding anything to the contrary herein, in the event that Seller receives funds, from its clients or customers or any entity holding its receivables or otherwise (collectively, the "A/C Holder"), for which the applicable A/C Holder for any reason is or may be responsible to make payment to Seller, then the Seller, agrees to make prompt payment of such funds to Buyer or to reimburse A/C Holder therefore in the event the A/C Holder has made such payment to their detriment, and Seller hereby guarantees to Buyer the prompt payment of such funds by Seller and further hereby indemnifies Buyer and any applicable A/C Holder from and against any and all loss, cost or expense in connection therewith.

16.3. Buyer may proceed to protect and enforce its rights and remedies by arbitration or lawsuit. In any such arbitration or lawsuit, under which Buyer shall recover Judgment against Seller, Seller shall be liable for all of Buyer's costs of the lawsuit, including but not limited to all reasonable attorneys' fees and court costs. However, the rights of Buyer under this provision shall be limited as provided in the arbitration provision set forth below.

16.4. [Intentionally Omitted]

16.5. Buyer may debit Seller's depository accounts wherever situated by means of ACH debit or facsimile signature on a computer- generated check drawn on Seller's bank account or otherwise for all sums due to Buyer

16.6. Seller shall pay to Buyer all reasonable costs associated with the Event of Default and the enforcement of Buyer's remedies, including but not limited to court costs and attorneys' fees

16.7. Buyer may exercise and enforce its rights as a secured party under the UCC.

16.8. All rights, powers and remedies of Buyer in connection with this Agreement may be exercised at any time by Buyer after the occurrence of an Event of Default, are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.

17. Modifications; Agreements. No modification, amendment, waiver or consent of any provision of this Agreement shall be effective unless the same shall be in writing and signed by Buyer

18. Assignment. Buyer may assign, transfer or sell its rights to receive the Purchased Amount or delegate its duties hereunder, either in whole or in part, with or without prior written notice to Seller.

19. Notices.

19.1. Notices from Buyer to Seller. Buyer may send any notices, disclosures, terms and conditions, other documents, and any future changes to Seller by regular mail or by e-mail, at Buyer's option and Seller consents to such electronic delivery. Notices sent by e- mail are effective when sent. Notices sent by regular mail become effective upon mailing to Seller's address set forth in this Agreement.

19.2. Notices from Seller to Buyer. Seller may send any notices to Buyer by e-mail only upon the prior written consent of Buyer, which consent may be withheld or revoked at any time in Buyer's sole discretion. Otherwise, any notices or other communications from Seller to Buyer must be delivered by certified mail, return receipt requested, to Buyer's address set forth in this Agreement. Notices sent to Buyer shall become effective only upon receipt by Buyer.

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20.Binding Effect; Governing Law, Venue and Jurisdiction. This Agreement shall be binding upon and inure to the benefit of Seller, Buyer and their respective successors and assigns, except that Seller shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of Buyer which consent may be withheld in Buyer's sole discretion. This Agreement shall be governed by and construed in accordance with the laws of the state of New York, without regards to any applicable principals of conflicts of law. Any suit, action or proceeding arising hereunder, or the interpretation, performance or breach of this Agreement, shall, if Buyer so elects, be instituted in any court sitting in New York, (the "Acceptable Forums"). Seller agrees that the Acceptable Forums are convenient to it, and submits to the jurisdiction of the Acceptable Forums and waives any and all objections to jurisdiction or venue. Should such proceeding be initiated in any other forum, Seller waives any right to oppose any motion or application made by Buyer to transfer such proceeding to an Acceptable Forum.

21.Survival of Representation, etc. All representations, warranties and covenants herein shall survive the execution and delivery of this Agreement and shall continue in full force until all obligations under this Agreement shall have been satisfied in full.

22.Interpretation. All Parties hereto have reviewed this Agreement with an attorney of their own choosing and have relied only on their own attorney's guidance and advice. No construction determinations shall be made against either Party hereto as drafter.

23.Entire Agreement and Severability. This Agreement embodies the entire agreement between Seller and Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof. In case any of the provisions in this Agreement is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of any other provision contained herein shall not in any way be affected or impaired.

24.Facsimile Acceptance. Facsimile signatures hereon, or other electronic means reflecting the party's signature hereto, shall be deemed acceptable for all purposes.

25.Confidentiality: The terms and conditions of this Agreement are proprietary and confidential unless required by law. Seller shall not disclose this information to anyone other than its attorney, accountant or similar service provider and then only to the extent such person uses the information solely for purpose of advising Seller and first agrees in writing to be bound by the terms of this Section. A breach entitles Buyer to damages and legal fees as well as temporary restraining order and preliminary injunction without bond.

26. Monitoring, Recording, and Solicitations.

26.1.Authorization to Contact Seller by Phone. Seller authorizes Buyer, its affiliates, agents and independent contractors to contact Seller at any telephone number Seller provides to Buyer or from which Seller places a call to Buyer, or any telephone number where Buyer believes it may reach Seller, using any means of communication, including but not limited to calls or text messages to mobile, cellular, wireless or similar devices or calls or text messages using an automated telephone dialing system and/or artificial voices or prerecorded messages, even if Seller incurs charges for receiving such communications

26.2.Authorization to Contact Seller by Other Means. Seller also agree that Buyer, its affiliates, agents and independent contractors, may use any other medium not prohibited by law including, but not limited to, mail, e-mail and facsimile, to contact Seller. Seller expressly consents to conduct business by electronic means.

27.JURY WAIVER. THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION OR PROCEEDING ON ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS OF WHICH THIS AGREEMENT IS A PART OR ITS ENFORCEMENT, EXCEPT WHERE SUCH WAIVER IS PROHIBITED BY LAW OR DEEMED BY A COURT OF LAW TO BE AGAINST PUBLIC POLICY. THE PARTIES ACKNOWLEDGE THAT EACH MAKES THIS WAIVER KNOWINGLY, WILLINGLY AND VOLUNTARILY AND WITHOUT DURESS, AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH THEIR ATTORNEYS.

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28. CLASS ACTION WAIVER. THE PARTIES WAIVE ANY RIGHT TO ASSERT ANY CLAIMS AGAINST THE OTHER PARTY AS A REPRESENTATIVE OR MEMBER IN ANY CLASS OR REPRESENTATIVE ACTION, EXCEPT WHERE SUCH WAIVER IS PROHIBITED BY LAW OR DEEMED BY A COURT OF LAW TO BE AGAINST PUBLIC POLICY. TO THE EXTENT EITHER PARTY IS PERMITTED BY LAW OR COURT OF LAW TO PROCEED WITH A CLASS OR REPRESENTATIVE ACTION AGAINST THE OTHER, THE PARTIES AGREE THAT: (i) THE PREVAILING PARTY SHALL NOT BE ENTITLED TO RECOVER ATTORNEYS' FEES OR COSTS ASSOCIATED WITH PURSUING THE CLASS OR REPRESENTATIVE ACTION (NOT WITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT); AND (ii) THE PARTY WHO INITIATES OR PARTICIPATES AS A MEMBER OF THE CLASS WILL NOT SUBMIT A CLAIM OR OTHERWISE PARTICIPATE IN ANY RECOVERY SECURED THROUGH THE CLASS OR REPRESENTATIVE ACTION.

29. ARBITRATION. IF BUYER, SELLER OR ANY GUARANTOR REQUESTS, THE OTHER PARTIES AGREE TO ARBITRATE ALL DISPUTES AND CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT. IF BUYER, SELLER OR ANY GUARANTOR SEEKS TO HAVE A DISPUTE SETTLED BY ARBITRATION, THAT PARTY MUST FIRST SEND TO ALL OTHER PARTIES, BY CERTIFIED MAIL, A WRITTEN NOTICE OF INTENT TO ARBITRATE. IF BUYER, SELLER OR ANY GUARANTOR DO NOT REACH AN AGREEMENT TO RESOLVE THE CLAIM WITHIN 30 DAYS AFTER THE NOTICE IS RECEIVED, BUYER, SELLER OR ANY GUARANTOR MAY COMMENCE AN ARBITRATION PROCEEDING WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA") OR NATIONAL ARBITRATION FORUM ("NAF"). BUYER WILL PROMPTLY REIMBURSE SELLER OR THE GUARANTOR ANY ARBITRATION FILING FEE, HOWEVER, IN THE EVENT THAT BOTH SELLER AND THE GUARANTOR MUST PAY FILING FEES, BUYER WILL ONLY REIMBURSE SELLER'S ARBITRATION FILING FEE AND, EXCEPT AS PROVIDED IN THE NEXT SENTENCE, BUYER WILL PAY ALL ADMINISTRATION AND ARBITRATOR FEES. IF THE ARBITRATOR FINDS THAT EITHER THE SUBSTANCE OF THE CLAIM RAISED BY SELLER OR THE GUARANTOR OR THE RELIEF SOUGHT BY SELLER OR THE GUARANTOR IS IMPROPER OR NOT WARRANTED, AS MEASURED BY THE STANDARDS SET FORTH IN FEDERAL RULE OF PROCEDURE 11(B), THEN BUYER WILL PAY THESE FEES ONLY IF REQUIRED BY THE AAA OR NAF RULES. SELLER AND THE GUARANTOR AGREE THAT, BY ENTERING INTO THIS AGREEMENT, THEY ARE WAIVING THE RIGHT TO TRIAL BY JURY. BUYER, SELLER OR ANY GUARANTOR MAY BRING CLAIMS AGAINST ANY OTHER PARTY ONLY IN THEIR INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. FURTHER, BUYER, SELLER AND ANY GUARANTOR AGREE THAT THE ARBITRATOR MAY NOT CONSOLIDATE PROCEEDINGS FOR MORE THAN ONE PERSON'S CLAIMS, AND MAY NOT OTHERWISE PRESIDE OVER ANY FORM OF A REPRESENTATIVE OR CLASS PROCEEDING, AND THAT IF THIS SPECIFIC PROVISION IS FOUND UNENFORCEABLE, THEN THE ENTIRETY OF THIS ARBITRATION CLAUSE SHALL BE NULL AND VOID.

30. RIGHT TO OPT OUT OF ARBITRATION. SELLER AND GUARANTOR(S) MAY OPT OUT OF THIS CLAUSE. TO OPT OUT OF THIS ARBITRATION CLAUSE, SELLER AND EACH GUARANTOR MUST SEND BUYER A NOTICE THAT THE SELLER AND EACH GUARANTOR DOES NOT WANT THIS CLAUSE TO APPLY TO THIS AGREEMENT. FOR ANY OPT OUT TO BE EFFECTIVE, SELLER AND EACH GUARANTOR MUST SEND AN OPT OUT NOTICE TO THE FOLLOWING ADDRESS BY REGISTERED MAIL, WITHIN 14 DAYS AFTER THE DATE OF THIS AGREEMENT: BUYER – ARBITRATION OPT OUT, Agile Capital Funding, 244 Madison Ave, Suite 168, New York, NY 10016, ATTENTION: LEGAL DEPARTMENT.

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31. SERVICE OF PROCESS. IN ADDITION TO THE METHODS OF SERVICE ALLOWED BY THE NEW YORK STATE CIVIL PRACTICE LAW & RULES ("CPLR"), SELLER HEREBY CONSENTS TO SERVICE OF PROCESS UPON IT BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, SERVICE HEREUNDER SHALL BE COMPLETE UPON SELLER'S ACTUAL RECEIPT OF PROCESS OR UPON BUYER'S RECEIPT OF THE RETURN THEREOF BY THE UNITED STATES POSTAL SERVICE AS REFUSED OR UNDELIVERABLE. SELLER MUST PROMPTLY NOTIFY BUYER, IN WRITING, OF EACH AND EVERY CHANGE OF ADDRESS TO WHICH SERVICE OF PROCESS CAN BE MADE. SERVICE BY BUYER TO THE LAST KNOWN ADDRESS SHALL BE SUFFICIENT. SELLER WILL HAVE (30) CALENDAR DAYS AFTER SERVICE HEREUNDER IS COMPLETE IN WHICH TO RESPOND. FURTHERMORE, SELLER EXPRESSLY CONSENTS THAT ANY AND ALL NOTICE(S), DEMAND(S), REQUEST(S) OR OTHER COMMUNICATION(S) UNDER AND PURSUANT TO THIS AGREEMENT FOR THE PURCHASE AND SALE OF FUTURE RECEIVABLES SHALL BE DELIVERED IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT FOR THE PURCHASE AND SALE OF FUTURE RECEIVABLES.

32. FEE STRUCTURE.

- a. NSF: \$75.00
- b. ACH REJECTION: \$100.00
- c. BANK CHANGE: \$50.00
- d. BLOCKED ACCOUNT: \$2,500.00
- e. DEFAULT: \$5,000.00

Seller: EMMAUS MEDICAL, INC

Agreed to by: (Signature)

Name: WILLIS C. LEE

Title: Authorized Representative

EMMAUS MEDICAL, INC.

Guarantor:

Agreed to by: (Signature)

Name:

WILLIS C. LEE

Title: Authorized Representative

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GUARANTY OF PERFORMANCE

This Guaranty of Performance (this "Guaranty") is executed as of July 31, 2025, by

EMMAUS MEDICAL, INC.

Capital Funding ("Buyer") ("Buyer").

(the "Guarantor"), for the benefit of Agile

Capitalized terms used herein, but not defined, shall have the meanings assigned to them in the Purchase Agreement (as hereinafter defined).

RECITALS

A. Pursuant to that Agreement for the Purchase and Sale of Future Receipts (the "Purchase Agreement"), dated of even date herewith, between Buyer and EMMAUS MEDICAL, INCs.eller), Buyer has purchased Future Receipts of Seller.

B. Buyer is not willing to enter into the Purchase Agreement unless Guarantor irrevocably, absolutely, and unconditionally guarantees prompt and complete performance to Buyer of all of the obligations of Seller; and

C. Guarantor will directly benefit from Buyer and Seller entering into the Purchase Agreement.

AGREEMENT

As an inducement to Buyer to purchase the Future Receipts identified in the Purchase Agreement, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Guarantor does hereby agree as follows:

1. Defined Terms: All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Purchase Agreement.

2. Guaranty of Obligations: Guarantor hereby irrevocably, absolutely and unconditionally guarantees to Buyer prompt and complete performance of all of Seller's obligations under the Purchase Agreement

3. Guarantor's Other Agreements: Guarantor will not dispose, convey, sell or otherwise transfer, or cause Seller to dispose, convey, sell or otherwise transfer, any material business assets of Seller without the prior written consent of Buyer, which may be withheld for any reason, until receipt of the entire Purchased Amount. Guarantor hereby agrees to pay all costs and attorney's fees incurred by Buyer in connection with any actions commenced by Buyer to enforce its rights or incurred in any action to defend its performance under the Purchase Agreement and this Guaranty. This Guaranty is binding upon Guarantor, and Guarantor's heirs, legal representatives, successors and assigns. If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several. The obligation of Guarantor shall be unconditional and absolute, regardless of the unenforceability of any provision of any agreement between Seller and Buyer, or the existence of any defense, setoff or counterclaim which Seller may assert. Buyer is hereby authorized, without notice or demand and without affecting the liability of Guarantor hereunder, to at any time renew or extend Seller's obligations under the Purchase Agreement or otherwise modify, amend or change the terms of the Purchase Agreement. Guarantor is hereby notified that a negative credit report reflecting on his/her credit record may be submitted to a credit reporting agency if the terms of this Guaranty are not honored by the Guarantor.

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4. Waiver; Remedies: No failure on the part of Buyer to exercise, and no delay in exercising, any right under this warranty shall operate as a waiver, nor shall any single or partial exercise of any right under this Guaranty preclude any other or further exercise of any other right. The remedies provided in this guaranty are cumulative and not exclusive of any remedies provided by law or equity. In the event that Seller fails to perform any obligation under the Purchase Agreement, Buyer may enforce its rights under this guaranty without first seeking to obtain performance for such default from Seller or any other guarantor.

5. Acknowledgment of Purchase: Guarantor acknowledges and agrees that the Purchase Price paid by Buyer to Seller in exchange for the Purchased Amount is a purchase of the Purchased Amount and is not intended to be treated as a loan or financial accommodation from Buyer to Seller. Guarantor specifically acknowledges Buyer is not a lender, bank or credit card processor, and that Buyer has not offered any loans to Seller, and Guarantor waives any claims or defenses of usury in any action arising out of this guaranty. Guarantor acknowledges the Purchase Price paid to Seller is good and valuable consideration for the sale of the Purchased Amount of Future Receipts.

6. Governing Law and Jurisdiction: This guaranty shall be governed by, and constructed in accordance with, the internal laws of the State of New York without regard to principles of conflicts of law. Except as provided in Section of this guaranty, guarantor submits to the exclusive jurisdiction and venue of the state or federal courts having jurisdiction over any city/county in the State of New York of any claims or actions arising, directly or indirectly, out of or related to this guaranty. The parties stipulate that the venues referenced in this Agreement are convenient. The parties further agree that the mailing by certified or registered mail, return receipt requested, of any process required by any such court will constitute valid and lawful service of process against them, without the necessity for service by any other means provided by statute or rule of court, but without invalidating service performed in accordance with such other provisions

7. JURY WAIVER: THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION OR PROCEEDING ON ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS OF WHICH THIS AGREEMENT IS A PART OR ITS ENFORCEMENT, EXCEPT WHERE SUCH WAIVER IS PROHIBITED BY LAW OR DEEMED BY A COURT OF LAW TO BE AGAINST PUBLIC POLICY. THE PARTIES ACKNOWLEDGE THAT EACH MAKES THIS WAIVER KNOWINGLY, WILLINGLY AND VOLUNTARILY AND WITHOUT DURESS, AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH THEIR ATTORNEYS.

8. CLASS ACTION WAIVER: THE PARTIES WAIVE ANY RIGHT TO ASSERT ANY CLAIMS AGAINST THE OTHER PARTY AS A REPRESENTATIVE OR MEMBER IN ANY CLASS OR REPRESENTATIVE ACTION, EXCEPT WHERE SUCH WAIVER IS PROHIBITED BY LAW OR DEEMED BY A COURT OF LAW TO BE AGAINST PUBLIC POLICY. TO THE EXTENT EITHER PARTY IS PERMITTED BY LAW OR COURT OF LAW TO PROCEED WITH A CLASS OR REPRESENTATIVE ACTION AGAINST THE OTHER, THE PARTIES AGREE THAT: (I) THE PREVAILING PARTY SHALL NOT BE ENTITLED TO RECOVER ATTORNEYS' FEES OR COSTS ASSOCIATED WITH PURSUING THE CLASS OR REPRESENTATIVE ACTION (NOT WITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT); AND (II) THE PARTY WHO INITIATES OR PARTICIPATES AS A MEMBER OF THE CLASS WILL NOT SUBMIT A CLAIM OR OTHERWISE PARTICIPATE IN ANY RECOVERY SECURED THROUGH THE CLASS OR REPRESENTATIVE ACTION.

9. ARBITRATION: IF BUYER, SELLER OR ANY GUARANTOR REQUESTS, THE OTHER PARTIES AGREE TO ARBITRATE ALL DISPUTES AND CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT. IF BUYER, SELLER OR ANY GUARANTOR SEEKS TO HAVE A DISPUTE SETTLED BY ARBITRATION, THAT PARTY MUST FIRST SEND TO THE OTHER PARTY, BY CERTIFIED MAIL, A WRITTEN NOTICE OF INTENT TO ARBITRATE. IF BUYER, SELLER OR ANY GUARANTOR DO NOT REACH AN AGREEMENT TO RESOLVE THE CLAIM WITHIN 30 DAYS AFTER THE NOTICE IS RECEIVED, BUYER, SELLER OR ANY GUARANTOR MAY COMMENCE AN ARBITRATION PROCEEDING WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA") OR NATIONAL ARBITRATION FORUM ("NAF"). BUYER WILL PROMPTLY

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REIMBURSE SELLER OR THE GUARANTOR ANY ARBITRATION FILING FEE, HOWEVER, IN THE EVENT THAT BOTH SELLER AND THE GUARANTOR MUST PAY FILING FEES, BUYER WILL ONLY REIMBURSE SELLER'S ARBITRATION FILING FEE AND, EXCEPT AS PROVIDED IN THE NEXT SENTENCE, BUYER WILL PAY ALL ADMINISTRATION AND ARBITRATOR FEES. IF THE ARBITRATOR FINDS THAT EITHER THE SUBSTANCE OF THE CLAIM RAISED BY SELLER OR THE GUARANTOR OR THE RELIEF SOUGHT BY SELLER OR THE GUARANTOR IS IMPROPER OR NOT WARRANTED, AS MEASURED BY THE STANDARDS SET FORTH IN FEDERAL RULE OF PROCEDURE 11(B), THEN BUYER WILL PAY THESE FEES ONLY IF REQUIRED BY THE AAA OR NAF RULES. SELLER AND THE GUARANTOR AGREE THAT, BY ENTERING INTO THIS AGREEMENT, THEY ARE WAIVING THE RIGHT TO TRIAL BY JURY. BUYER, SELLER OR ANY GUARANTOR MAY BRING CLAIMS AGAINST ANY OTHER PARTY ONLY IN THEIR INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. FURTHER, BUYER, SELLER AND ANY GUARANTOR AGREE THAT THE ARBITRATOR MAY NOT CONSOLIDATE PROCEEDINGS FOR MORE THAN ONE PERSON'S CLAIMS, AND MAY NOT OTHERWISE PRESIDE OVER ANY FORM OF A REPRESENTATIVE OR CLASS PROCEEDING, AND THAT IF THIS SPECIFIC PROVISION IS FOUND UNENFORCEABLE, THEN THE ENTIRETY OF THIS ARBITRATION CLAUSE SHALL BE NULL AND VOID.

10. RIGHT TO OPT OUT OF ARBITRATION: SELLER AND GUARANTOR(S) MAY OPT OUT OF THIS CLAUSE. TO OPT OUT OF THIS ARBITRATION CLAUSE, SELLER AND EACH GUARANTOR MUST SEND BUYER A NOTICE THAT THE SELLER AND EACH GUARANTOR DOES NOT WANT THIS CLAUSE TO APPLY TO THIS AGREEMENT. FOR ANY OPT OUT TO BE EFFECTIVE, SELLER AND EACH GUARANTOR MUST SEND AN OPT OUT NOTICE TO THE FOLLOWING ADDRESS BY REGISTERED MAIL, WITHIN 14 DAYS AFTER THE DATE OF THIS AGREEMENT: BUYER – ARBITRATION OPT OUT, Agile Capital Funding 244 Madison Ave, Suite 168, New York, NY 10016 ,

ATTENTION: LEGAL DEPARTMENT.

11. SERVICE OF PROCESS. IN ADDITION TO THE METHODS OF SERVICE ALLOWED BY THE NEW YORK STATE CIVIL PRACTICE LAW & RULES ("CPLR"), GUARANTOR HEREBY CONSENTS TO SERVICE OF PROCESS UPON IT BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, SERVICE HEREUNDER SHALL BE COMPLETE UPON GUARANTOR'S ACTUAL RECEIPT OF PROCESS OR UPON BUYER'S RECEIPT OF THE RETURN THEREOF BY THE UNITED STATES POSTAL SERVICE AS REFUSED OR UNDELIVERABLE. GUARANTOR MUST PROMPTLY NOTIFY BUYER, IN WRITING, OF EACH AND EVERY CHANGE OF ADDRESS TO WHICH SERVICE OF PROCESS CAN BE MADE. SERVICE BY BUYER TO THE LAST KNOWN ADDRESS SHALL BE SUFFICIENT. GUARANTOR WILL HAVE (30) CALENDAR DAYS AFTER SERVICE HEREUNDER IS COMPLETE IN WHICH TO RESPOND. FURTHERMORE, GUARANTOR EXPRESSLY CONSENTS THAT ANY AND ALL NOTICE(S), DEMAND(S), REQUEST(S) OR OTHER COMMUNICATION(S) UNDER AND PURSUANT TO THIS AGREEMENT FOR THE PURCHASE AND SALE OF FUTURE RECEIVABLES SHALL BE DELIVERED IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT FOR THE PURCHASE AND SALE OF FUTURE RECEIVABLES.

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12.Severability: If for any reason any court of competent jurisdiction finds any provisions of this guaranty to be void or voidable, the parties agree that the court may reform such provision(s) to render the provision(s) enforceable ensuring that the restrictions and prohibitions contained in this guaranty shall be effective to the fullest extent allowed under applicable law

13.Opportunity for Attorney Review: The guarantor represents that it has carefully read this guaranty and has, or had a reasonable opportunity to, consult with its attorney. Guarantor understands the contents of this guaranty, and signs this guaranty as its free act and deed.

14.Counterparts and Facsimile Signatures: This guaranty may be signed in one or more counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same agreement. Facsimile or scanned documents shall have the same legal force and effect as an original and shall be treated as an original document for evidentiary purposes.

Corporate Guarantors (or other entities)
Guarantor: EMMAUS MEDICAL INC ((Print Name)
Print Name or Signer: WILLIS C. LEE
Its: CEO (Official Position)

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NO STACKING ADDENDUM

Addendum (the "Addendum") to the Purchase and Sale of Future Receivables Agreement (the "Agreement") by: Seller(s):

EMMAUS MEDICAL, INC.

Purchaser: Agile Capital Funding ("Purchaser")

Purchase Price: \$ 1,300,000.00 Purchased Amount: \$1,885,000.00

Specified Percentage: 30%

1. Unless otherwise specifically defined herein, all capitalized terms in this Addendum shall have the meanings set forth in the Agreement.

2. Seller agrees and understands that while an outstanding balance of uncollected Receivables with Purchaser exists, Seller is **strictly prohibited** from entering into any transactions with a third party, whether an individual, company or other entity, to sell Future Receipts, or to initiate or accept a cash advance from any funding source without first paying off the outstanding balance with Purchaser. Seller understands and acknowledges that doing so would place Seller in breach of the Agreement, and ("Seller") a ("Guarantor") will be immediately liable for the full outstanding balance owed to Purchaser.

3. Seller further agrees not to create, incur or permit to exist any lien, security interest, pledge, charge or encumbrance of any kind in respect to Future Receivables while an outstanding balance of uncollected Receivables with Purchaser exists. In other words, Seller agrees not to use Future Receivables as collateral for any type of transaction while an outstanding balance with Purchaser exists.

4. Seller and Guarantor acknowledge that any false representation in this Addendum constitutes fraud and will trigger a default under the Agreement, entitling Purchaser to accelerate the receivable balance due and to seek any and all additional legal remedies available to the Purchaser provided for in the Agreement.

5. In further consideration of Purchaser entering into this transaction, Seller shall either (a) deliver to Purchaser all of Seller's bank account statements on or before the 10th day of every month during the term of the Agreement, or (b) provide Purchaser with active log on capabilities for every bank account maintained by Seller so that Purchaser can access all information Purchaser feels is necessary from such accounts.

6. In the event that Seller breaches the terms of Paragraphs 2, 3, 4 and/or 5 above, Purchaser shall have the following remedies, any or all of which may be exercised by Purchaser in its sole discretion:

(a) The Purchased Amount due at each payment interval set forth in the Agreement (whether daily, weekly, bi-weekly or monthly, as applicable), shall immediately double to the sum or to the extent the collection method is a credit card split the holdback percentage will double;

(b) The entire balance of the Purchased Amount shall be immediately due and payable;

(c) The Confession of Judgment, if any, shall be immediately filed with the appropriate court of law; and

(d) Purchaser shall avail itself of all additional remedies set forth in Section 16 of the Agreement.

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7. The Addendum and is hereby incorporated into the Agreement by reference and constitutes part of the Agreement. Except as amended hereby, the Agreement shall be and remain in full force and effect and is hereby ratified and confirmed by Seller and Purchaser. If the terms and provisions of this Addendum are inconsistent with the Agreement, the terms and provisions of the Addendum shall govern to the extent of such inconsistency.

8. All written notices and consents required to be given hereunder shall be given in accordance with the notice requirements under Section 19 of the Agreement.

9. This Addendum may be executed with facsimile signatures and/or in any number of counterparts, each of which shall be deemed an original and all of such counterparts when taken together shall constitute but one and the same documents which shall be sufficiently evidenced by such executed counterparts.

Agreed and Accepted on behalf of Seller:

Seller:

EMMAUS MEDICAL, INC.

Agreed to by: (Signature)

Name: WILLIS C. LEE

Title: Authorized Representative

Initials:

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Additional Seller Addendum to Purchase Agreement

Buyer	AGILE CAPITAL FUNDING LLC
Original Seller	EMMAUS MEDICAL, INC. Address: 21250 Hawthorne Bl 800, Torrance, CA 90503 EIN: 06-1708146
Additional Seller(s)	EMMAUS LIFE SCIENCES, INC. Address: 21250 Hawthorne Bl 800, Torrance, CA 9 EIN: 87-0419387
Additional Seller(s)	EMI HOLDING, INC. Address: 21250 Hawthorne Bl 800, Torrance, CA 9 EIN: 41-2254389

This Additional Seller Addendum to Purchase Agreement ("Addendum") is entered into by and among the above referenced Parties and amends that certain Purchase Agreement between Buyer and Original Seller dated July 31, 2025 (the "Purchase Agreement").

Each Additional Seller desires to enter into the Purchase Agreement and to agree to all the terms of the Purchase Agreement, so that they will all fully apply to such Additional Seller to the same extent as if the Additional Seller had executed the Purchase Agreement itself. Therefore, each of the Parties agree as follows:

1. Each Additional Seller is fully bound by all the terms, conditions, representations, warranties and covenants of the Agreement. The Purchase Agreement is fully incorporated into this Addendum by reference and binds and inures to the benefit of each of the Parties hereto, and all their heirs, successors and assigns, the same as if such Additional Seller had signed the Purchase Agreement. All references to "Seller" in the Purchase Agreement mean individually, collectively and interchangeably the Original Seller and each Additional Seller. Notwithstanding the foregoing, the Parties acknowledge that the initial Weekly Amount established in the Purchase Agreement is based on the average monthly sales of the Original Seller only. By signing this Addendum and adding the Additional Sellers to the Purchase Agreement, the Parties do not intend to re-calculate the Weekly Amount by including the average monthly sales of the Additional Sellers. The Parties therefore agree that the Weekly Amount shall remain the same following the execution of this Addendum, subject to the Parties' right request changes to the Weekly Amount as set forth in the Purchase Agreement.

2. Each Additional Seller agrees to and enters into the Purchase Agreement as a Seller and hereby joins in the sale of its Future Receipts and agrees to deliver the Amount Sold to Buyer on the terms and conditions set forth in the Purchase Agreement. The obligation of each Seller to deliver the entire Amount Sold is joint and several. Any default by a Seller under the Purchase Agreement shall constitute a default of every Seller under the Purchase Agreement. Each Seller hereby guarantees the prompt performance of the obligations of the other Sellers under the Purchase Agreement. Buyer may file suit against, or otherwise seek to collect receipt of the Amount Sold from any Seller without the necessity of Buyer first seeking to collect payment from the any other Seller or other party that may be liable for the obligations created by the Purchase Agreement.

3. The Original Seller has received the Purchase Price on behalf of itself and the Additional Sellers. The Purchase Price shall be allocated among the Sellers in such amount a. they may agree upon, but each shall have an undivided interest in the entire Purchase Price. Each Additional Seller is an affiliate that controls, is controlled by, or under common control with, the Original Seller. The Additional Sellers agree that joining in the sale of the Amount Sold by signing this Addendum is in the mutually beneficial interest of all Sellers.

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AGILE CAPITAL FUNDING LLC

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4. The Parties acknowledge that each Additional Seller may maintain separate bank accounts and each Additional Seller will take such actions as are necessary or appropriate to enable Buyer to debit such Additional Seller's Approved Account. Each Seller agrees that Buyer may debit any or all Approved Accounts in such amounts as Buyer determines in its discretion until Buyer receives the Weekly Amount . Buyer shall not be required to debit each Approved Account in any specific amount or order to obtain the Weekly Amount and may, for example, debit it the Approved Account of any single Seller in an amount equal to the entire Weekly Amount .

5. Any notice to an Additional Seller in connection with the Purchase Agreement or this Addendum may be given to such the Original Seller on behalf of such Additional Seller in the manner set forth in the Purchase Agreement.

By their signatures below the Parties agree to be bound by this Addendum

Buyer

AGILE CAPITAL FUNDING LLC

_____. By:

Title: cfo

Original Seller

EMMAUS MEDICAL, INC.

By:

Title: 21250 Hawthorne Bl 800, Torrance, CA 90503

Additional Seller(s)

EMMAUS LIFE SCIENCES, INC.

By: _

Title: Authorized Signer

Business Address : 21250 Hawthorne Bl 800, Torrance, CA 90503

EMI HOLDING, INC. By:

Title: Authorized Signer Signer Business Address:

Consent and Reaffirmation of Guarantor

Each undersigned guarantor ("Guarantor") hereby reaffirms the Guaranty of Performance ("Guaranty") provided for the benefit of the Buyer, pursuant to which Guarantor guaranteed to Buyer the prompt and complete performance of all the Seller's obligations under the Purchase Agreement. Each Guarantor consents to the addition of the Additional Sellers as contemplated by this Addendum and agrees that, as used in the Guarantee. "Seller" means individually, collectively and interchangeably the Original Seller and each Additional Seller.

Authorized Signer: WILLIS C. LEE (Print Name) Signature:

Initials

AGILE CAPITAL FUNDING LLC

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EXHIBIT B-4
REPAYMENT AND AMORTIZATION SCHEDULE

Projected Payment Schedule	
	Weekly Payment
8/8/2025	\$58,906.25
8/15/2025	\$58,906.25
8/22/2025	\$58,906.25
8/29/2025	\$58,906.25
9/5/2025	\$58,906.25
9/12/2025	\$58,906.25
9/19/2025	\$58,906.25
9/26/2025	\$58,906.25
10/3/2025	\$58,906.25
10/10/2025	\$58,906.25
10/17/2025	\$58,906.25
10/24/2025	\$58,906.25
10/31/2025	\$58,906.25
11/7/2025	\$58,906.25
11/14/2025	\$58,906.25
11/21/2025	\$58,906.25
11/28/2025	\$58,906.25
12/5/2025	\$58,906.25
12/12/2025	\$58,906.25
12/19/2025	\$58,906.25
12/26/2025	\$58,906.25
1/2/2026	\$58,906.25
1/9/2026	\$58,906.25
1/16/2026	\$58,906.25
1/23/2026	\$58,906.25
1/30/2026	\$58,906.25
2/6/2026	\$58,906.25
2/13/2026	\$58,906.25
2/20/2026	\$58,906.25
2/27/2026	\$58,906.25
3/6/2026	\$58,906.25
3/13/2026	\$58,906.25
Total	\$1,885,000.00

Velocity
Capital Group

Purchased Amount Discount

Pursuant to the Revenue Purchase Agreement, the Buyer is entitled to the Specified Percentage of the Seller's revenue until the purchased amount is paid. However, if the Seller pays the full purchased amount within a period of time from the date of this Agreement, then the Seller is entitled to a purchased amount discount. Below is a time and percentage breakdown of the possible prepayment options offered here at Velocity Capital Group.

Within (Number of Days)	Discount Percentage (%)
30 days	25%
60 days	20%
90 days	15%

Discount applies to Remaining Balance minus Principal.

Capitalized terms used herein without definition shall have the meaning assigned to them in the Revenue Purchase Agreement.

Merchant 's Legal Name: Business Name

For the Merchant (#1) By:

(Print Name)

(Signature)

(Date)

Velocity Capital Group, LLC By: :

(Print Name)

(Signature)

(Date)

ANY MISREPRESENTATION MADE BY MERCHANT OR OWNER IN CONNECTION WITH THIS AGREEMENT MAY CONSTITUTE A SEPERATE CAUSE OF ACTION FOR FRAUD OR INTENTIONAL MISREPRESENTATION.

Phone: (833) VCG - FUND

Address: 333 Pearsall Ave
Suite 105, Cedarhurst., NY
11516

Website: <https://www.velocity.cg.com>



BUSINESS FINANCING FOR THE MODERN WORLD

OFFER SUMMARY – PURCHASE OF FUTURE RECEIPTS

Funding Provided	\$140,800.00	This is how much funding Velocity Capital Group LLC will provide. Due to deductions or payments to others, the total funds that will be provided to you directly is \$140,800.00
Estimated Annual Percentage Rate (APR)	889.31%	APR is the estimated cost of your financing expressed as a yearly rate. APR incorporates the amount and timing of the funding you receive, fees you pay, and the periodic payments you make. This calculation assumes your estimated average monthly income through sales of goods and services will be \$914,810.00. Since your actual income may vary from our estimate, your effective APR may also vary. APR is not an interest rate. The cost of this financing is based upon fees charged by Velocity Capital Group LLC rather than interest that accrues over time.
Finance Charge	\$64,700.00	This is the dollar cost of your financing.
Estimated Total Payment Amount	\$205,500.00	This is the total dollar amount of payments we estimate you will make under the contract.
Estimated Monthly Cost	\$239,750.00	Although you do not make payments on a monthly basis, this is our calculation of your average monthly cost based upon the payment amounts disclosed below.
Estimated Payment	\$11,416.67 / 18 Weeks	
Payment Terms	We based your Estimated Payment of \$11,416.67 on 37.06% of your estimated daily sales revenue. This financing does not have a fixed payment schedule and there is no minimum payment amount. Because we cannot predict the exact dollar amount of sales revenue your business will collect in the future, your periodic payment is “Estimated.” You have the right to lower the periodic payment amount to better reflect 37.06% of your actual sales revenue. For more details on your right to change the payment amount, see Section 1.4 of your contract. We will debit your business bank account each business day (Monday- Friday). If a debit is scheduled for a bank holiday, the payment will be debited the next business day, plus the regularly scheduled payment scheduled for that day.	

Estimated Term	18 WEEK DAYS	Based on assumptions we made about your income, this is our estimate of how long it will take to collect amounts due to us under your contract.
Prepayment	If you pay off the financing faster than required, you still must pay all or a portion of the finance charge, up to \$64,700.00 based upon our estimates.	
	If you pay off the financing faster than required, you will not be required to pay additional fees.	

Applicable law requires this information to be provided to you to help you make an informed decision. By signing below, you are confirming that you received this Information.

Recipient Signature:

Date: 9/18/2025 | 2:57 PM PDT

ITEMIZATION OF AMOUNT FINANCED	
1. Amount Given Directly to You	is \$140,800.00
2. Origination Fee	\$9,200.00
3. Wire Fee	\$0.00
4. Amount paid on your behalf to third parties (4a + 4b + 4c)	
4a.	
4b. [name of third party] \$	
4c. [name of third party] \$	
6. Amount Provided to You or on Your Behalf (1 + 2 + 3+4+5)	\$150,000.00
5. Amount Paid on Your Account with Us (#xxxxxx)	
7. Prepaid Finance Charges:	\$9,200.00
7a. Origination Fee	
7b. Wire Fee	
8. Amount Financed (6 minus 7)	\$140,800.00

REVENUE PURCHASE AGREEMENT

Agreement dated 9/18/2025 between Velocity Capital Group LLC ("VCG") and the Merchant listed below ("MERCHANT")
MERCHANT INFORMATION

Merchant's Legal Name: EMMAUS LIFE SCIENCES, INC.			
D/B/A:			
Type of Entity: Corporation			State of Incorporation: California
Federal Tax ID:		Business Phone: 310-214-0065	
Contact Name: WILLIS CHANGCHOON LEE			
Mobile:		Email Address:	
Mailing Address:		City:	State: Zip:
Physical Address: 21250 HAWTHORNE BLVD. SUITE 800		City: TORRANCE	State: CA Zip: 90503
Purchase Price: \$150,000.00		Purchased Percentage: 5.24%	Purchased Amount: \$205,500.00
Payment Frequency: Custom Weekly		Remittance: \$11,416.67	

Merchant hereby sells, assigns, and transfers to VCG (making VCG the absolute owner) in consideration of the Purchase Price specified above, the Purchased Percentage of all of Merchant's future accounts, contract rights and other entitlements arising from or relating to the payment of monies from Merchant's customer's and/or other third party payors (the "Receipts" defined as all payments made by cash, check, electronic transfer or other form of monetary payment in the ordinary course of the Merchant's business), for the payments due to Merchant as a result of Merchant's sale of goods and/or services (the "Transactions") until the Purchased Amount has been delivered by or on behalf of Merchant to VCG.

Merchant is selling a portion of a future revenue stream to VCG at a discount, not borrowing money from VCG, therefore there is no interest rate or payment schedule and no time period during which the Purchased Amount must be collected by VCG. The Remittance is a good faith estimate of (a) Purchased Percentage multiplied -by (b) the daily average revenues of Seller during the previous calendar month divided by (c) the number of business days in the calendar month. Merchant going bankrupt or going out of business, or experiencing a slowdown in business, or a delay in collecting its receivables, in and of itself, does not constitute a breach of this Agreement. VCG is entering this Agreement knowing the risks that Merchant's business may slow down or fail, and VCG assumes these risks based on Merchant's representations, warranties and covenants in this Agreement, which are designed to give VCG a reasonable and fair opportunity to receive the benefit of its bargain. Merchant and Guarantor are only guaranteeing their performance of the terms of this Revenue Purchase Agreement, and are not guaranteeing the payment of the Purchased Amount. The initial Remittance shall be as described above. The Remittance is subject to adjustment as set forth in Paragraph 1.4.

VCG will debit the Remittance each business day from only one depositing bank account, which account must be acceptable to, and pre-approved by, VCG (the "Ac- count") into which Merchant and Merchant's customers shall remit the Receipts from each Transaction, until such time as VCG receives payment in full of the Purchased Amount. Merchant hereby authorizes VCG to ACH debit the Agreed Remittance from the Account on the agreed upon Payment Frequency; a daily basis means any day that is not a United States banking holiday. VCG's payment of the Purchase Price shall be deemed the acceptance and performance by VCG of this Agreement. Merchant understands that it is responsible for ensuring that the Agreed Remittance to be debited by VCG remains in the Account and will be held responsible for any fees incurred by VCG resulting from a rejected ACH attempt or an Event of Default. VCG is not responsible for any overdrafts or rejected transactions that may result from VCG's ACH debiting the Agreed Remittance under the terms of this Agreement. Notwithstanding anything to the contrary in this Agreement or any other agreement be- tween VCG and Merchant, upon the occurrence of an Event of Default under Section 3 of the MERCHANT AGREEMENT TERMS AND CONDITIONS the Purchased Percentage shall equal 100%. A list of all fees applicable under this Agreement is contained in Appendix A.

THE MERCHANT AGREEMENT "TERMS AND CONDITIONS", THE "SECURITY AGREEMENT AND GUARANTY" AND THE "ADMINISTRATIVE FORM HEREOF, ARE ALL HEREBY INCORPORATED IN AND MADE A PART OF THIS MERCHANT AGREEMENT.

FOR THE MERCHANT (#1) By: WILLIS CHANGCHOON LEE
(Print Name) (Title) (Signature)

FOR THE MERCHANT (#2) By:

(Signature)(Print Name) (Title)

BY THE OWNER (#1) By: WILLIS CHANGCHOON LEE
(Print Name) (Title) (Signature)

BY THE OWNER (#2) By: (Print Name) (Title) (Signature)

MERCHANT AGREEMENT TERMS AND CONDITIONS.

1 TERMS OF ENROLLMENT IN PROGRAM

1.1 Merchant Deposit Agreement and Processor. Merchant shall (A) execute an agreement acceptable to VCG with a Bank acceptable to VCG to obtain electronic fund transfer services for the Account, and (B) if applicable, execute an agreement acceptable to VCG with a credit and debit card processor (the "Processor") instructing the Processor to deposit all Receipts into the Account. Merchant shall provide VCG and/or its authorized agent(s) with all of the information, authorizations and passwords necessary for verifying Merchant's receivables, receipts, deposits and withdrawals into and from the Account. Merchant hereby authorizes VCG and/or its agent(s) to withdraw from the Account via ACH debit the

amounts owed to VCG for the receipts as specified herein and to pay such amounts to VCG. These authorizations apply not only to the approved Account but also to any subsequent or alternate account used by the Merchant for these deposits, whether pre-approved by VCG or not. This additional authorization is not a waiver of VCG's entitlement to declare this Agreement breached by Merchant as a result of its usage of an account which VCG did not first pre-approve in writing prior to Merchant's usage thereof. The aforementioned authorizations shall be irrevocable without the written consent of VCG.

1.2 Term of Agreement. This Agreement shall remain in full force and effect until the entire Purchased Amount and any other amounts due are received by VCG as per the terms of this Agreement.

1.3 Future Purchase of Increments. Subject to the terms of this Agreement, VCG offers to purchase additional Receipts in the "Increments" stated in on Page 1 of this Agreement, if any. VCG reserves the right to delay or rescind the offer to purchase any Increment or any additional Receipts, in its sole and absolute discretion.

1.4 Adjustments to the Remittance. If an Event of Default has not occurred, Merchant may give written notice to VCG to request a decrease in the Remittance. The amount shall be decreased if the amount received by VCG was more than the Purchased Percentage of all revenue of Merchant since the date of this Revenue Purchase Agreement. The Remittance shall be modified to more closely reflect the Merchant's actual receipts by multiplying the Merchant's actual receipts by the Purchased Percentage divided by the number of business days in the previous (2) calendar weeks. Seller shall provide VCG with Bank statements as well as all information reasonably requested by VCG to properly calculate the Merchant's Remittance. Merchant may request a reconciliation at any time, by written notice.

1.5 Financial Condition. Merchant and Guarantor(s) (as hereinafter defined and limited) authorize VCG and its agents to investigate their financial responsibility and history, and will provide to VCG any authorizations, bank or financial statements, tax returns, etc., as VCG deems necessary in its sole and absolute discretion prior to or at any time after execution of this Agreement. A photocopy of this authorization will be deemed as acceptable as an authorization for release of financial and credit information. VCG is authorized to update such information and financial and credit profiles from time to time as it deems appropriate.

1.6 Transactional History. Merchant authorizes all of its banks, brokers and processor to provide VCG with Merchant's banking, brokerage and/or processing history to determine qualification or continuation in this program and for collections purposes. Merchant shall provide VCG with copies of any documents related to Merchant's card processing activity or financial and banking affairs within five days after a request from VCG.

1.7 Indemnification. Merchant and Guarantor(s) jointly and severally indemnify and hold harmless Processor, its officers, directors and shareholders against all losses, damages, claims, liabilities and expenses (including reasonable attorney's fees) incurred by Processor resulting from (a) claims asserted by VCG for monies owed to VCG from Merchant and (b) actions taken by Processor in reliance upon any fraudulent, misleading or deceptive information or instructions provided by VCG.

1.8 No Liability. In no event will VCG be liable for any claims asserted by Merchant or Guarantors under any legal theory for lost profits, lost revenues, lost business opportunities, exemplary, punitive, special, incidental, indirect or consequential damages, each of which is waived by both Merchant and Guarantor(s). In the event these claims are nonetheless raised, Merchant and Guarantors will be jointly liable for all of VCG's attorney's fees and expenses resulting therefrom.

1.9 Reliance on Terms. Section 1.1, 1.6, 1.7, 1.8 and 2.5 of this Agreement are agreed to for the benefit of Merchant, VCG, Processor, and Merchant's bank and notwithstanding the fact that Processor and the bank is not a party of this Agreement, Processor and the bank may rely upon their terms and raise them as a defense in any action.

1.10 Sale of Receipts. Merchant and VCG agree that the Purchase Price under this Agreement is in exchange for the Purchased Amount, and that such Purchase Price is not intended to be, nor shall it be construed as a loan from VCG to Merchant. Merchant agrees that the Purchase Price is in exchange for the Receipts pursuant to this Agreement, and that it equals the fair market value of such Receipts. VCG has purchased and shall own all the Receipts described in this Agreement up to the full Purchased Amount as the Receipts are created. Payments made to VCG in respect

to the full amount of the Receipts shall be conditioned upon Merchant's sale of products and services, and the payment therefore by Merchant's customers. In no event shall the aggregate of all amounts or any portion thereof be deemed as interest hereunder, and in the event it is found to be interest despite the parties hereto specifically representing that it is NOT interest, it shall be found that no sum charged or collected hereunder shall exceed the highest rate permissible at law. In the event that a court nonetheless determines that VCG has charged or received interest hereunder in excess of the highest applicable rate, the rate in effect hereunder shall automatically be reduced to the maximum rate permitted by applicable law and VCG shall promptly refund to Merchant any interest received by VCG in excess of the maximum lawful rate, it being intended that Merchant not pay or contract to pay, and that VCG not receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by Merchant under applicable law. As a result thereof, Merchant knowingly and willingly waives the defense of Usury in any action or proceeding.

1.11 Power of Attorney. Merchant irrevocably appoints VCG as its agent and attorney-in-fact with full authority to take any action or execute any instrument or document to settle all obligations due to VCG from Processor, or in the case of a violation by Merchant of Section 1 or the occurrence of an Event of Default under Section 3 hereof, including without limitation (i) to obtain and adjust insurance; (ii) to collect monies due or to become due under or in respect of any of the Collateral; (iii) to receive, endorse and collect any checks, notes, drafts, instruments, documents or chattel paper in connection with clause (i) or clause (ii) above; (iv) to sign Merchant's name on any invoice, bill of lading, or assignment directing customers or account debtors to make payment directly to VCG; and (v) to contact Merchant's banks and financial institutions using Merchant and Guarantor(s) personal information to verify the existence of an account and obtain account balances (vi) to file any claims or take any action or institute any proceeding which VCG may deem necessary for the collection of any of the unpaid Purchased Amount from the Collateral or otherwise to enforce its rights with respect to payment of the Purchased Amount.

1.12 Protections against Default. The following Protections 1 through 8 may be invoked by VCG immediately and without notice to Merchant in the event: (a) Merchant takes any action to discourage the use of electronic check processing that are settled through Processor, or permits any event to occur that could have an adverse effect on the use, acceptance, or authorization of checks or other payments or deposits for the purchase of Merchant's services and products including but not limited to direct deposit of any checks into a bank account without scanning into the VCG electronic check processor; (b) Merchant changes its arrangements with Processor or the Bank in any way that is adverse or unacceptable to VCG; (c) Merchant changes the electronic check processor through which the Receipts are settled from Processor to another electronic check processor, or permits any event to occur that could cause diversion of any of Merchant's check or deposit transactions to another processor; (d) Merchant intentionally interrupts the operation of this business transfers, moves, sells, disposes, or otherwise conveys its business and/or assets without

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(i) the express prior written consent of VCG, and (ii) the written agreement of any VCG or transferee to the assumption of all of Merchant's obligations under this Agreement pursuant to documentation satisfactory to VCG; (e) Merchant takes any action, fails to take any action, or offers any incentive—economic or otherwise—the result of which will be to induce any customer or customers to pay for Merchant's services with any means other than payments, checks or deposits that are settled through Processor; or (f) Merchant fails to provide VCG with copies of any documents related to Merchant's card processing activity of financial and banking affairs within five days after a request from VCG. These protections are in addition to any other remedies available to VCG at law, in equity or otherwise pursuant to this Agreement.

Protection 1. The full uncollected Purchased Amount plus all fees (including reasonable attorney's fees) due under this Agreement and the attached Security Agreement become due and payable in full immediately.

Protection 2. VCG may enforce the provisions of the Limited Personal Guaranty of Performance against the Guarantor(s).

Protection 3. Merchant hereby authorizes VCG to execute in the name of the Merchant a Confession of Judgment in favor of VCG in the amount of Purchased Amount stated in the Agreement. Upon an Event of Default, VCG may enter that Confession of Judgment as a Judgment with the Clerk of any Court and execute thereon.

Protection 4. VCG may enforce its security interest in the Collateral.

Protection 5. The entire Purchased Amount and all fee (including reasonable attorney's fees) shall become immediately payable to VCG from Merchant.

Protection 6. VCG may proceed to protect and enforce its right and remedies by lawsuit. In any such lawsuit, if VCG recovers a Judgment against Merchant, Merchant shall be liable for all of VCG's costs of the lawsuit, including but not limited to all reasonable attorneys' fees and court costs. **Protection 7.** This Agreement shall be deemed Merchant's Assignment of Merchant's Lease of Merchant's business premises to VCG. Upon breach of any provision in this Agreement, VCG may exercise its rights under this Assignment of Lease without prior Notice to Merchant. **Protection 8.** VCG may debit Merchant's depository accounts wherever situated by means of ACH debit or facsimile signature on a computer-generated check drawn on Merchant's bank account or otherwise for all sums due to VCG.

1.13 Protection of Information. Merchant and each person signing this Agreement on behalf of Merchant and/or as Owner or Guarantor, in respect of himself or herself personally, authorizes VCG to disclose information concerning Merchant's and each Owner's and each Guarantor's credit standing (including credit bureau reports that VCG obtains) and business conduct only to agents, affiliates, subsidiaries, and credit reporting bureaus. Merchant and each Owner and each Guarantor hereby and each waives to the maximum extent permitted by law any claim for damages against VCG or any of its affiliates relating to any (i) investigation undertaken by or on behalf of VCG as permitted by this Agreement or (ii) disclosure of information as permitted by this Agreement.

1.14 Confidentiality. Merchant understands and agrees that the terms and conditions of the products and services offered by VCG, including this Agreement and any other VCG documents (collectively, "Confidential Information") are proprietary and confidential information of VCG. Accordingly, unless disclosure is required by law or court order, Merchant shall not disclose Confidential Information of VCG to any person other than an attorney, accountant, financial advisor or employee of Merchant who needs to know such information for the purpose of advising Merchant ("Advisor"), provided such Advisor uses such information solely for the purpose of advising Merchant and first agrees in writing to be bound by the terms of this section. A breach hereof entitles VCG to not only damages and reasonable attorney's fees but also to both a Temporary Restraining Order and a Preliminary Injunction without Bond or Security.

1.15 Publicity. Merchant and each of Merchant's Owners and all Guarantors heretoall hereby authorizes VCG to use its, his or her name in listings of clients and in advertising and marketing materials.

1.16 D/B/A's. Merchant hereby acknowledges and agrees that VCG may be using "doing business as" or "d/b/a" names in connection with various matters relating to the transaction between VCG and Merchant, including the filing of UCC-1 financing statements and other notices or filings.

2 REPRESENTATIONS, WARRANTIES AND COVENANTS

Merchant represents warrants and covenants that, as of this date and during the term of this Agreement:

2.1 Financial Condition and Financial Information. Merchant's and Guarantors' bank and financial statements, copies of which have been furnished to VCG, and future statements which will be furnished hereafter at the discretion of VCG, fairly represent the financial condition of Merchant at such dates, and since those dates there has been no material adverse changes, financial or otherwise, in such condition, operation or ownership of Merchant. Merchant and Guarantors have a continuing, affirmative obligation to advise VCG of any material adverse change in their financial condition, operation or ownership. VCG may request statements at any time during the performance of this Agreement and the Merchant and Guarantors shall provide them to VCG within five business days after request from VCG. Merchant's or Guarantors' failure to do so is a material breach of this Agreement.

2.2 Governmental Approvals. Merchant is in compliance and shall comply with all laws and has valid permits, authorizations and licenses to own, operate and lease its properties and to conduct the business in which it is presently engaged and/or will engage in hereafter.

2.3 Authorization. Merchant, and the person(s) signing this Agreement on behalf of Merchant, have full power and authority to incur and perform the obligations under this Agreement, all of which have been duly authorized.

2.4 Use of Funds. Merchant agrees that it shall use the Purchase Price for business purposes and not for personal, family, or household purposes.

2.5 Electronic Check Processing Agreement. Merchant will not change its Processor, add terminals, change its financial institution or bank account(s) or take any other action that could have any adverse effect upon Merchant's obligations under this Agreement, without VCG's prior written consent. Any such changes shall be a material breach of this Agreement.

2.6 Change of Name or Location. Merchant will not conduct Merchant's businesses under any name other than as disclosed to the Processor and VCG, nor shall Merchant change any of its places of business without prior written consent by VCG.

2.7 Daily Batch Out. Merchant will batch out receipts with the Processor on a daily basis if applicable.

2.8 Stoppage Certificate. Merchant will at every and all times, and from time to time, upon at least one (1) day's prior notice from VCG to Merchant, execute, acknowledge and deliver to VCG and/or to any other person, firm or corporation specified by VCG, a statement certifying that this Agreement is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and stating the dates which the Purchased Amount or any portion thereof has been repaid.

2.9 No Bankruptcy. As of the date of this Agreement, Merchant is not insolvent and does not contemplate filing for bankruptcy in the next six months and has not consulted with a bankruptcy attorney or filed any petition for bankruptcy protection under Title 11 of the United States Code and there has been no involuntary petition brought or pending against Merchant. Merchant further warrants that it does not anticipate filing any such bankruptcy petition and it does not anticipate that an involuntary petition will be filed against it.

2.10 Unencumbered Receipts. Merchant has good, complete, unencumbered and marketable title to all Receipts, free and clear of any and all liabilities, liens, claims, changes, restrictions, conditions, options, rights, mortgages, security interests, equities, pledges and encumbrances of any kind or nature whatsoever or any other rights or interests that may be inconsistent with the transactions contemplated with, or adverse to the interests of VCG.

2.11 Business Purpose. Merchant is a valid business in good standing under the laws of the jurisdictions in which it is organized and/or operates, and Merchant is entering into this Agreement for business purposes and not as a consumer for personal, family or household purposes.

2.12 Defaults under Other Contracts. Merchant's execution of, and/or performance under this Agreement, will not cause or create an event of default by Merchant under any contract with another person or entity.

2.13 Good Faith. Merchant and Guarantors hereby affirm that Merchant is receiving the Purchase Price and selling VCG the Purchased Amount in good faith and will use the Purchase Price funds to maintain and grow Merchant's business.

3 EVENTS OF DEFAULT AND REMEDIES

3.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" hereunder:

- (a) Merchant or Guarantor shall violate any term or covenant in this Agreement;
- (b) Any representation or warranty by Merchant in this Agreement shall prove to have been incorrect, false or misleading in any material respect when made; (c) the sending of notice of termination by Merchant or verbally notifying VCG of its intent to breach this Agreement;
- (d) the Merchant fails to give VCG 24 hours advance notice that there will be insufficient funds in the account such that the ACH of the Remittance amount will not be honored by Merchant's bank, and the Merchant fails to supply all requested documentation and allow for daily and/or real time monitoring of its bank account;
- (f) Merchant shall transfer or sell all or substantially all of its assets;
- (g) Merchant shall make or send notice of any intended bulk sale or transfer by Merchant;
- (h) Merchant shall use multiple depository accounts without the prior written consent of VCG
- (i) Merchant shall change its depositing account without the prior written consent of VCG; or
- (j) Merchant shall close its depositing account used for ACH debits without the prior written consent of VCG
- (k) Merchant's bank returns a code other than NSF cutting VCG from its collections
- (l) Merchant has 5 bounced payments or stops payments to VCG
- (m) Merchant shall default under any of the terms, covenants and conditions of any other agreement with VCG.

3.2 Limited Personal Guaranty. In the Event of a Default, VCG will enforce its rights against the Guarantors of this transaction. Said Guarantors will be jointly and severally liable to VCG for all of VCG's losses and damages, in addition to all costs and expenses and legal fees associated with such enforcement.

3.3 Remedies. In case any Event of Default occurs and is not waived pursuant to Section 4.4. hereof, VCG may proceed to protect and enforce its rights or remedies by suit in equity or by action at law, or both, whether for the specific performance of any covenant, agreement or other provision contained herein, or to enforce the discharge of Merchant's obligations hereunder (including the Guaranty) or any other legal or equitable right or remedy. All rights, powers and remedies of VCG in connection with this Agreement may be exercised at any time by VCG after the occurrence of an Event of Default, are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.

3.4 Costs. Merchant shall pay to VCG all reasonable costs associated with (a) an Event or Default, (b) breach by Merchant of the Covenants in this Agreement and the enforcement thereof, and (c) the enforcement of VCG's remedies set forth in this Agreement, including but not limited to court costs and attorney's fees.

3.5 Required Notifications. Merchant is required to give VCG written notice within 24 hours of any filing under Title 11 of the United States Code. Merchant is required to give VCG seven days' written notice prior to the closing of any sale of all or substantially all of the Merchant's assets or stock.

4 MISCELLANEOUS

4.1 Modifications; Agreements. No modification, amendment, waiver or consent of any provision of this Agreement shall be effective unless the same shall be in writing and signed by VCG.

4.2 Assignment. VCG may assign, transfer or sell its rights to receive the Purchased Amount or delegate its duties hereunder, either in whole or in part.

4.3 Notices. All notices, requests, consents, demands and other communications hereunder shall be delivered by certified mail, return receipt requested, to the respective parties to this Agreement at the addresses set forth in this Agreement. Notices to VCG shall become effective only upon receipt by VCG. Notices to Merchant shall become effective three days after mailing.

4.4 Waiver Remedies. No failure on the part of VCG to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided hereunder are cumulative and not exclusive of any remedies provided by law or equity.

4.5 Binding Effect; Governing Law, Venue and Jurisdiction. This Agreement shall be binding upon and inure to the benefit of Merchant, VCG and their respective successors and assigns, except that Merchant shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of VCG which consent may be withheld in VCG's sole discretion. VCG reserves the rights to assign this Agreement with or without prior written notice to Merchant. This Agreement shall be governed by and construed in accordance with the laws of the state of New York, without regard to any applicable principles of conflicts of law. Any suit, action or proceeding arising hereunder, or the interpretation, performance or breach hereof, shall, if VCG so elects, be instituted in any court sitting in New York, (the "Acceptable Forums"). Merchant agrees that the Acceptable Forums are convenient to it, and submits to the jurisdiction of the Acceptable Forums and waives any and all objections to jurisdiction or venue. Should such proceeding be initiated in any other forum, Merchant waives any right to oppose any motion or application made by VCG to transfer such proceeding to an Acceptable Forum. Merchant agrees that VCG may serve Merchant with process via certified mail by depositing into a United States Postal Service depository, a properly postage envelope addressed to Merchant at its address listed herein (or such other address that Merchant specifically requests in writing that VCG substitute in place of the address listed herein).

4.6 Survival of Representation. etc. All representations, warranties and covenants herein shall survive the execution and delivery of this Agreement and shall continue in full force until all obligations under this Agreement shall have been satisfied in full and this Agreement shall have terminated.

4.7 Interpretation. All Parties hereto have reviewed this Agreement with attorney of their own choosing and have relied only on their own attorneys' guidance and advice. No construction determinations shall be made against either Party hereto as drafter.

4.8 Severability. In case any of the provisions in this Agreement is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of any other provision contained herein shall not in any way be affected or impaired.

4.9 Entire Agreement. Any provision hereof prohibited by law shall be ineffective only to the extent of such prohibition without invalidating the remaining provisions hereof.

This Agreement and the Security Agreement and Guaranty hereto embody the entire agreement between Merchant and VCG and supersede all prior agreements and understandings relating to the subject matter hereof.

4.10 JURY TRIAL WAIVER. THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION OR PROCEEDING ON ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS OR THE ENFORCEMENT HEREOF. THE PARTIES HERETO ACKNOWLEDGE THAT EACH MAKES THIS WAIVER KNOWINGLY, WILLINGLY AND VOLUNTARILY AND WITHOUT DURESS, AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH THEIR ATTORNEYS.

4.11 CLASS ACTION WAIVER. THE PARTIES HERETO WAIVE ANY RIGHT TO ASSERT ANY CLAIMS AGAINST THE OTHER PARTY AS A REPRESENTATIVE OR MEMBER IN ANY CLASS OR REPRESENTATIVE ACTION, EXCEPT WHERE SUCH WAIVER IS PROHIBITED BY LAW AS AGAINST PUBLIC POLICY. TO THE EXTENT EITHER PARTY IS PERMITTED BY LAW OR COURT OF LAW TO PROCEED WITH A CLASS OR REPRESENTATIVE ACTION AGAINST THE OTHER, THE PARTIES HEREBY AGREE THAT: (1) THE PREVAILING PARTY SHALL NOT BE ENTITLED TO RECOVER ATTORNEYS' FEES OR COSTS ASSOCIATED WITH PURSUING THE CLASS OR REPRESENTATIVE ACTION (NOT WITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT); AND (2) THE PARTY WHO INITIATES OR PARTICIPATES AS A MEMBER OF THE CLASS WILL NOT SUBMIT A CLAIM OR OTHERWISE PARTICIPATE IN ANY RECOVERY SECURED THROUGH THE CLASS OR REPRESENTATIVE ACTION.

4.12 Facsimile & Digital Acceptance. Facsimile signatures and digital signatures hereon shall be deemed acceptable for all purposes.

SECURITY AGREEMENT AND GUARANTY

Merchant's Legal Name: EMMAUS LIFE SCIENCES, INC.			
DBA:			
Federal Tax ID:			
Physical Address: 21250 HAWTHORNE BLVD. SUITE 800	City: TORRANCE	State: CA	Zip: 90503
Additional Guarantor(s): EMI HOLDING, INC : EMI HOLDING, INC. : EMMAUS LIFE SCIENCES INC : EMMAUS MEDICAL INC. : EMMAUS MEDICAL, INC. : KENOS MINISTRY : NEWFIELD NUTRITION CORP. : NEWFIELD NUTRITION CORPORATION AND			
Secondary Contact Full Address: , , ,			

SECURITY AGREEMENT

Security Interest. This Agreement will constitute a security agreement under the Uniform Commercial Code. Merchant and Guarantor(s) grants to VCG a security interest in and lien upon: (a) all accounts, chattel paper, documents, equipment, general intangibles, instruments, and inventory, as those terms are each defined in Article 9 of the Uniform Commercial Code (the "UCC"), now or hereafter owned or acquired by Merchant and/or Guarantor(s), (b) all proceeds, as that term is defined in Article 9 of the UCC (c) all funds at any time in the Merchant's and/or Guarantor(s) Account, regardless of the source of such funds, (d) present and future Electronic Check Transactions, and (e) any amount which may be due to VCG under this Agreement, including but not limited to all rights to receive any payments or credits under this Agreement (collectively, the "Secured Assets"). Merchant agrees to provide other security to VCG upon request to secure Merchant's obligations under this Agreement. Merchant agrees that, if at any time there are insufficient funds in Merchant's Account to cover VCG's entitlements under this Agreement, VCG is granted a further security interest in all of Merchant's assets of any kind whatsoever, and such assets shall then become Secured Assets. These security interests and liens will secure all of VCG's entitlements under this Agreement and any other agreements now existing or later entered into between Merchant, VCG or an affiliate of VCG. VCG is authorized to file any and all notices or filings it deems necessary or appropriate to enforce its entitlements hereunder.

This security interest may be exercised by VCG without notice or demand of any kind by making an immediate withdrawal or freezing the Secured Assets. VCG shall have the right to notify account debtors at any time. Pursuant to Article 9 of the Uniform Commercial Code, as amended from time to time, VCG has control over and may direct the disposition of the Secured Assets, without further consent of Merchant. Merchant hereby represents and warrants that no other person or entity has a security interest in the Secured Assets.

With respect to such security interests and liens, VCG will have all rights afforded under the Uniform Commercial Code, any other applicable law and in equity. Merchant will obtain from VCG written consent prior to granting a security interest of any kind in the Secured Assets to a third party. Merchant and Guarantor (s) agree(s) that this is a contract of recoupment and VCG is not required to file a motion for relief from a bankruptcy action automatic stay to realize on any of the Secured Assets. Nevertheless, Merchant and Guarantor(s) agree(s) not to contest or object to any motion for relief from the automatic stay filed by VCG. Merchant and Guarantor(s) agree(s) to execute and deliver to VCG such instruments and documents VCG may reasonably request to perfect and confirm the lien, security interest and right of set off set forth in this Agreement. VCG is authorized to execute all such instruments and documents in Merchant's and Guarantor(s) name.

Merchant and Guarantor(s) each acknowledge and agree that any security interest granted to VCG under any other agreement between Merchant or Guarantor(s) and VCG (the "Cross-Collateral") will secure the obligations here under and under the Merchant Agreement. Merchant and Guarantor(s) each agrees to execute any documents or take any action in connection with this Agreement as VCG deems necessary to perfect or maintain VCG's first priority security interest in the Collateral and the Additional Collateral, including the execution of any account control agreements. Merchant and Guarantor(s) each hereby authorizes VCG to file any financing statements deemed necessary by VCG to perfect or maintain VCG's security interest. Merchant and Guarantor(s) shall be liable for, and VCG may charge and collect, all costs and expenses, including but not limited to attorney's fees, which may be incurred by VCG in protecting, preserving and enforcing VCG's security interest and rights.

Negative Pledge. Merchant and Guarantor(s) each agrees not to create, incur, assume, or permit to exist, directly or indirectly, any lien on or with respect to any of the Collateral or the Additional Collateral, as applicable.

Consent to Enter Premises and Assign Lease. VCG shall have the right to cure Merchant's default in the payment of rent on the following terms. In the event Merchant is served with papers in an action against Merchant for nonpayment of rent or for summary eviction, VCG may execute its rights and remedies under the Assignment of Lease. Merchant also agrees that VCG may enter into an agreement with Merchant's landlord giving VCG the right: (a) to enter Merchant's premises and to take possession of the fixtures and equipment therein for the purpose of protecting and preserving same; and/or (b) to assign Merchant's lease to another qualified business capable of operating a business comparable to Merchant's at such premises.

Remedies. Upon any Event of Default, VCG may pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce, or satisfy any obligations then owing to VCG, whether by acceleration or otherwise.

Initials /

GUARANTY OF PERFORMANCE

THE TERMS, DEFINITIONS, CONDITIONS AND INFORMATION SET FORTH IN THE "MERCHANT AGREEMENT", INCLUDING THE "TERMS AND CONDITIONS", ARE HEREBY INCORPORATED IN AND MADE A PART OF THIS SECURITY AGREEMENT AND GUARANTY. CAPITALIZED TERMS NOT DEFINED IN THIS SECURITY AGREEMENT AND GUARANTY, SHALL HAVE THE MEANING SET FORTH IN THE MERCHANT AGREEMENT, INCLUDING THE TERMS AND CONDITIONS.

VCG As an additional inducement for VCG to enter into this Agreement, the undersigned Guarantor(s) hereby provides VCG with this Guaranty. Guarantor(s) will not be personally liable for any amount due under this Agreement **unless** Merchant commits an Event of Default pursuant to Paragraph 3.1 of this Agreement. Each Guarantor shall be jointly and severally liable for all amounts owed to VCG in the Event of Default. Guarantor(s) guarantee Merchant's good faith, truthfulness and performance of all of the representations, warranties, covenants made by Merchant in this Agreement as each may be renewed, amended, extended or otherwise modified (the "Guaranteed Obligations"). Guarantor's obligations are due at the time of any breach by Merchant of any representation, warranty, or covenant made by Merchant in the Agreement.

Guarantor Waivers. In the event of a breach of the above, VCG may seek recovery from Guarantors for all of VCG's losses and damages by enforcement of VCG's rights under this Agreement without first seeking to obtain payment from Merchant, any other guarantor, or any Collateral or Additional Collateral VCG may hold pursuant to this Agreement or any other guaranty.

VCG does not have to notify Guarantor of any of the following events and Guarantor will not be released from its obligations under this Agreement if it is not notified of: (i) Merchant's failure to pay timely any amount required under the Merchant Agreement; (ii) any adverse change in Merchant's financial condition or business; (iii) any sale or other disposition of any collateral securing the Guaranteed Obligations or any other guaranty of the Guaranteed Obligations; (iv) VCG's acceptance of this Agreement; and (v) any renewal, extension or other modification of the Merchant Agreement or Merchant's other obligations to VCG. In addition, VCG may take any of the following actions without releasing Guarantor from any of its obligations under this Agreement: (i) renew, extend or otherwise modify the Merchant Agreement or Merchant's other obligations to VCG; (ii) release Merchant from its obligations to VCG; (iii) sell, release, impair, waive or otherwise fail to realize upon any collateral securing the Guaranteed Obligations or any other guaranty of the Guaranteed Obligations; and (iv) foreclose on any collateral securing the Guaranteed Obligations or any other guaranty of the Guaranteed Obligations in a manner that impairs or precludes the right of Guarantor to obtain reimbursement for payment under this Agreement. Until the Purchased Amount and Merchant's other obligations to VCG under the Merchant Agreement and this Agreement are paid in full, Guarantor shall not seek reimbursement from Merchant or any other guarantor for any amounts paid by it under this Agreement. Guarantor permanently waives and shall not seek to exercise any of the following rights that it may have against Merchant, any other guarantor, or any collateral provided by Merchant or any other guarantor, for any amounts paid by it, or acts performed by it, under this Agreement: (i) subordination; (ii) reimbursement; (iii) performance; (iv) indemnification; or (v) contribution. In the event that VCG must return any amount paid by Merchant or any other guarantor of the Guaranteed Obligations because that person has become subject to a proceeding under the United States Bankruptcy Code or any similar law, Guarantor's obligations under this Agreement shall include that amount.

Guarantor Acknowledgement. The terms of section 4.5 in the Agreement shall also apply to Guarantor. VCG may serve Guarantor with process via certified mail by depositing into a United States Postal Service depository, a properly postage envelope addressed to Guarantor at his or her last known address (or such other address that Guarantor specifically requests in writing that VCG utilize for this purpose). Guarantor acknowledges that: (i) He/She is bound by the Class Action Waiver provision in the Merchant Agreement Terms and Conditions; (ii) He/She understands the seriousness of the provisions of this Agreement; (iii) He/She has had a full opportunity to consult with counsel of his/her choice; and (iii) He/She has consulted with counsel of its choice or has decided not to avail himself/herself of that opportunity.

FOR THE MERCHANT (#1) By: WILLIS CHANGCHHOON LEE

Driver's License Number _____ (Print Name) (Signature) (SSN#)

FOR THE MERCHANT (#2) By:

Driver's License Number (Print Name) (Signature) (SSN#)

BY OWNER (#1) By: WILLIS CHANGCHHOON LEE

(Print Name) (Signature) (SSN#)

Driver's License Number _

BY OWNER (#2) By:

Driver's License Number (Print Name) (Signature) (SSN#)

FOR THE GUARANTOR(S) By: WILLIS CHANGCHHOON LEE

(Print Name) (Signature) (SSN#)

Driver's License Number

FOR THE GUARANTOR(S) By:

Driver's License Number (Print Name) (Signature) (SSN#)

APPENDIX A - THE FEE STRUCTURE:

- A. Origination Fee \$9,200.00 to cover cost of Origination and ACH Setup.
- B. NSF Fee (Standard) \$100.00 (each).

FOR THE MERCHANT (#1) By: WILLIS CHANGCHOON LEE

(Print Name) (Signature) (Title)

FOR THE MERCHANT (#2) By:

(Print Name) (Signature) (Title)

APPENDIX A - THE FEE STRUCTURE:

- A. Underwriting Fee \$0.00 to cover underwriting and related expenses. *(except in California)*
- B Origination Fee \$9200 to cover cost of Origination and ACH Setup.
- C Stacking Fee \$7,500.00 (Per MCA Stack- without prior notification to Velocity Capital Group) *(except in California)*
- D NSF/Blocked Account Fee (Standard) \$100.00 (each) *(except in California)*
- E UCC Filing Fee (Standard) \$165.00 (each) *(except in California)*
- F Default Fee \$10,000.00 or 10% of the funded amount, or 25% of the unpaid purchased amount, whichever is greater. When Merchant BLOCKS Account from our Debit ACH, or when Merchant directs the bank to reject our Debit ACH, which places them in default (per contract). When Merchant changes bank Account cutting us off from our collections. *(except in California)*
- G Bank Change Fee \$50.00 When Merchant requires a change of Bank Account to be Debited, requiring us to adjust our system. *(except in California)*
- H Wire Fee - Each Merchant shall receive their funding electronically to their designated bank account and will be charged \$50.00 for a Fed Wire or \$0.00 for a bank ACH. *(except in California)*

FOR THE MERCHANT (#1) By: WILLIS CHANGCHOON LEE

(Print Name) (Signature) (Title)

FOR THE MERCHANT (#2) By:

(Print Name) (Signature) (Title)

Custom Weekly Remittance Breakdown Addendum

Merchant (hereinafter "Seller" and/or "Merchant" as used interchangeably in the Revenue Purchase Agreement) hereby authorizes VCG to collect the weekly Remittance due from Seller according to the below custom schedule by initiating ACH debits to the Designated Checking Account, as follows:)

On the Following Days:

Monday: \$ **Tuesday:**\$ **Wednesday:**\$ **Thursday:**\$ **Friday:**\$

In the total weekly amount of \$11,416.67 (Or) Percentage of each Banking Deposit: 5.24%

By signing below, Seller confirms and authorizes VCG to collect amounts due from Seller under the Merchant Agreement & Custom Weekly Remittance Breakdown Addendum.

Seller: WILLIS CHANGCHOON LEE

(Merchant's Legal Name)

Seller 2:

(Merchant's Legal Name)

Title: _____ Title: _____

$$\begin{array}{c} \text{X} \\ \text{X} \end{array}$$

(Signature)

Print Name: WILLIS CHANGCHOON LEE _____ Print Name

Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Willis C. Lee, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Emmaus Life Sciences, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2025

/s/ WILLIS C. LEE

Willis C. Lee

Chief Executive Officer

(Principal Executive Officer)

Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Hiroko Huynh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Emmaus Life Sciences, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2025

/s /HIROKO HUYNH

Hiroko Huynh

Chief Accounting Officer

(Principal Accounting Officer)

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Emmaus Life Sciences, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned, in the capacities and on the date indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 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.

/s/ WILLIS C. LEE

Willis C. Lee

Chief Executive Office

(Principal Executive Officer)

November 14, 2025

/s/ HIROKO HUYNH

Hiroko Huynh

Chief Accounting Officer

(Principal Accounting Officer)

November 14, 2025
