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, 2026

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File Number: 000-54677

CV Sciences, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**80-0944970**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9530 Padgett Street, Suite 107
San Diego, CA 92126
(Address of principal executive offices)

(866) 290-2157
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of November 5, 2026, the issuer had 242,184,128 shares of issued and outstanding common stock, par value $0.0001 per share.

CV SCIENCES, INC.
FORM 10-Q
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

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

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash	$ 308	$ 278
Accounts receivable, net	346	402
Inventory	3,965	4,087
Prepaid expenses and other	273	366
Total current assets	4,892	5,133
Property and equipment, net	302	344
Right of use assets	148	347
Intangibles, net	55	76
Goodwill	990	1,015
Other assets	47	47
Total assets	$ 6,434	$ 6,962
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 813	$ 1,044
Accrued expenses	2,450	2,447
Current portion of operating lease liability	150	247
Convertible notes, at fair value	741	—
Current portion of long-term debt, net	—	1,262
Total current liabilities	4,154	5,000
Operating lease liability	—	100
Debt, net	—	387
Deferred tax liability	7	7
Total liabilities	4,161	5,494
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred stock, par value $0.0001; 10,000 shares authorized; 1 share issued as of September 30, 2026 and December 31, 2025; and no shares outstanding as of September 30, 2026 and December 31, 2025	—	—
Common stock, par value $0.0001; 790,000 shares authorized as of September 30, 2026 and December 31, 2025; 235,694 and 184,264 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	24	18
Additional paid-in capital	91,687	89,330
Accumulated deficit	(89,450)	(87,939)
Accumulated other comprehensive income	12	59
Total stockholders' equity	2,273	1,468
Total liabilities and stockholders' equity	$ 6,434	$ 6,962

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Product sales, net	$ 3,028	$ 3,256	$ 9,208	$ 10,482
Cost of goods sold	1,514	1,677	4,682	5,401
Gross profit	1,514	1,579	4,526	5,081
Operating expenses:				
Research and development	19	24	55	104
Selling, general and administrative	1,618	1,830	5,213	5,894
Gain on legal settlement (Note 9)	(500)	—	(500)	—
Benefit from reversal of accrued payroll taxes (Note 11)	—	—	—	(522)
Total operating expenses	1,137	1,854	4,768	5,476
Operating income (loss)	377	(275)	(242)	(395)
Other expense (income):				
Gain on extinguishment of debt	—	—	(20)	(38)
Loss on debt conversions	263	—	512	—
Change in fair value of convertible notes	207	—	678	—
Interest expense, net	—	107	94	388
Total other expense	470	107	1,264	350
Loss before income taxes	(93)	(382)	(1,506)	(745)
Income tax expense	—	—	5	7
Net loss	$ (93)	$ (382)	$ (1,511)	$ (752)
Weighted average common shares outstanding, basic and diluted	226,096	184,264	207,803	184,264
Net loss per common share, basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)

See accompanying notes to the unaudited condensed consolidated financial statements.

CV SCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	$ (93)	$ (382)	$ (1,511)	$ (752)
Other comprehensive income (loss):				
Foreign currency translation adjustment	(14)	(6)	(47)	62
Total comprehensive loss	$ (107)	$ (388)	$ (1,558)	$ (690)

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2025	184,264	$ 18	$ 89,330	$ (87,939)	$ 59	$ 1,468
Issuance of common stock from note conversion	9,194	1	551	—	—	552
Stock-based compensation	—	—	148	—	—	148
Foreign currency translation adjustment	—	—	—	—	(27)	(27)
Net loss	—	—	—	(643)	—	(643)
Balance at March 31, 2026	193,458	19	90,029	(88,582)	32	1,498
Issuance of common stock from note conversion	19,664	2	704	—	—	706
Stock-based compensation	—	—	148	—	—	148
Foreign currency translation adjustment	—	—	—	—	(6)	(6)
Net loss	—	—	—	(775)	—	(775)
Balance at June 30, 2026	213,122	21	90,881	(89,357)	26	1,571
Issuance of common stock from note conversion	22,572	3	674	—	—	677
Stock-based compensation	—	—	132	—	—	132
Foreign currency translation adjustment	—	—	—	—	(14)	(14)
Net loss	—	—	—	(93)	—	(93)
Balance at September 30, 2026	235,694	$ 24	$ 91,687	$ (89,450)	$ 12	$ 2,273

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2024	184,264	$ 18	$ 88,773	$ (86,981)	$ (15)	$ 1,795
Vesting of common stock for services	—	—	60	—	—	60
Stock-based compensation	—	—	118	—	—	118
Foreign currency translation adjustment	—	—	—	—	28	28
Net loss	—	—	—	(109)	—	(109)
Balance at March 31, 2025	184,264	18	88,951	(87,090)	13	1,892
Stock-based compensation	—	—	132	—	—	132
Foreign currency translation adjustment	—	—	—	—	40	40
Net loss	—	—	—	(261)	—	(261)
Balance at June 30, 2025	184,264	18	89,083	(87,351)	53	1,803
Stock-based compensation	—	—	124	—	—	124
Foreign currency translation adjustment	—	—	—	—	(6)	(6)
Net loss	—	—	—	(382)	—	(382)
Balance at September 30, 2025	184,264	$ 18	$ 89,207	$ (87,733)	$ 47	$ 1,539

See accompanying notes to the unaudited condensed consolidated financial statements.

CV SCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended September 30, 2026	2025
OPERATING ACTIVITIES		
Net loss	$ (1,511)	$ (752)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	68	171
Stock-based compensation	428	374
Amortization of debt discount	91	386
Loss on debt conversion	94	—
Initial fair value of true-up convertible notes issued	418	—
Change in fair value of convertible notes	678	—
Gain on debt extinguishment	(20)	(38)
Amortization of right of use assets	198	175
Benefit from legal settlement (Note 9)	(500)	—
Benefit from reversal of accrued payroll tax (Note 11)	—	(522)
Other	(12)	128
Change in operating assets and liabilities:		
Accounts receivable, net	69	130
Inventory	108	830
Prepaid expenses and other	91	141
Accounts payable and accrued expenses	181	(892)
Operating lease liabilities	(197)	(184)
Net cash flows provided by (used in) operating activities	184	(53)
INVESTING ACTIVITIES		
Purchases of property and equipment	(10)	(100)
Net cash flows used in investing activities	(10)	(100)
FINANCING ACTIVITIES		
Proceeds from note payable	—	1,200
Debt issuance costs related to note payable	(15)	(82)
Repayment of note payable	—	(900)
Repayment of unsecured debt	(125)	(139)
Net cash flows provided by (used in) financing activities	(140)	79
Effect of exchange rate changes on cash	(4)	1
Net increase (decrease) in cash	30	(73)
Cash, beginning of period	278	454
Cash, end of period	$ 308	$ 381
Supplemental cash flow disclosure:		
Interest paid	$ 3	$ 4
Income taxes paid	$ 6	$ 7
Supplemental disclosures of non-cash transactions:		
Conversion of convertible notes	$ (1,935)	$ —
Issuance of convertible notes	$ 1,999	$ —
Services paid with common stock	$ —	$ 60
Right of use asset financed by lease liabilities	$ —	$ 486
Debt modification cost	$ —	$ (150)
Original issuance discount for note payable	$ —	$ (400)

See accompanying notes to the unaudited condensed consolidated financial statements.

1.ORGANIZATION AND BUSINESS

Historical Information - CV Sciences, Inc. (the "Company") was incorporated under the name Foreclosure Solutions, Inc. in the State of Texas on December 9, 2010. The Company subsequently changed its name to CannaVest Corp. (Texas) on January 29, 2013. On July 25, 2013, the Company merged with and into its wholly-owned Delaware subsidiary, CannaVest Corp (Delaware), to effectuate a change in the Company's state of incorporation from Texas to Delaware. On January 4, 2016, the Company filed a Certificate of Amendment of Certificate of Incorporation reflecting its corporate name change to "CV Sciences, Inc.", effective on January 5, 2016. In addition, on January 4, 2016, the Company amended its Bylaws to reflect its corporate name change to "CV Sciences, Inc."

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

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

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

Basis of Presentation - The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, the interim financial information includes all normal recurring adjustments necessary for a fair statement of the results for the interim periods. On December 7, 2023, the Company acquired Cultured Foods and on May 13, 2024, the Company acquired Elevated Softgels, both of which are now wholly owned subsidiaries of the Company. All intercompany accounts and transactions have been eliminated in consolidation. These condensed consolidated financial statements are unaudited and should be read in conjunction with the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2025, filed with the Securities and Exchange Commission on March 26, 2026. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

Certain prior year period amounts have been reclassified for consistency with the current year presentation. These reclassifications had no impact on net sales, operating income (loss), net loss or net loss per common share.

Liquidity Considerations - U.S. GAAP requires management to assess a company's ability to continue as a going concern for a period of one year from the financial statement issuance date and to provide related note disclosure in certain circumstances. The accompanying consolidated financial statements and notes have been prepared assuming the Company will continue as a going concern. The Company generated cash flows from operations of $0.2 million for the nine months ended September 30, 2026. However, the Company generated negative cash flows from operations for the last several years and had an accumulated deficit of $89.5 million as of September 30, 2026. Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operations, growth initiatives and will continue to make and implement strategic cost reductions, including reductions in employee headcount, vendor spending, and delaying expenses related to its drug development activities. The Company intends to position itself so that it will be able to raise additional funds through the capital markets, issuance of debt, and/or securing lines of credit.

During the fourth quarter of 2025, the regulatory environment for hemp-derived cannabinoid products continued to evolve materially following the enactment of H.R. 537, the "Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026" (the "2026 Act"). The 2026 Act was signed into law on November 12, 2025, and its provisions relating to hemp-derived cannabinoid products are scheduled to take effect on November 12, 2026. During the three months ended September 30, 2026, the effective date of the provisions related to hemp-derived cannabinoid products has been extended to December 11, 2026. Among other changes, the 2026 Act narrows the federal definition of hemp, by limiting hemp-derived consumable products to 0.4 mg of total tetrahydrocannabinol ("THC"), inclusive of THCA, per container. It remains uncertain whether these provisions will take effect as written, or instead be delayed, amended or replaced by subsequent congressional action. Products containing less than this amount may continue to be sold, but such products currently represent a small portion of the overall hemp-derived product market.

The Company is evaluating the potential impact of this legislation on its product portfolio, supply chain, and future operating results.

The Company is in the process of assessing and, if necessary, modifying its product formulations, labeling, and related compliance measures in response to this legislation. While management cannot reasonably estimate the financial effect of this legislation at this time, it could have a material adverse impact on the Company's business, results of operations, and cash flows.

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

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

Fair Value Measurements - Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The carrying values of accounts receivable, other current assets, accounts payable, and certain accrued expenses as of September 30, 2026 and December 31, 2025, approximate their fair value due to the short-term nature of these items. The Company's debt balance also approximates fair value as of September 30, 2026 and December 31, 2025, as the interest rates on the debt approximates the rates available to the Company as of such dates. The accounting guidance establishes a three-level hierarchy for disclosure that is based on the extent and level of judgment used to estimate the fair value of assets and liabilities.

- Level 1 - uses unadjusted quoted prices that are available in active markets for identical assets or liabilities. The Company did not have any assets or liabilities that are valued using inputs identified under a Level 1 hierarchy as of September 30, 2026 and December 31, 2025.
- Level 2 - uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlation with market data. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not require significant judgment because the inputs used in the model, such as interest rates and volatility, can be corroborated by readily observable market data. The Company did not have any assets or liabilities that are valued using inputs identified under a Level 2 hierarchy as of September 30, 2026 and December 31, 2025.
- Level 3 - uses one or more significant inputs that are unobservable and supported by little or no market activity, and that reflect the use of significant management judgment. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques, and significant management judgment or estimation. Except as described below in Note 6. *Convertible Note*, the Company did not have any assets or liabilities that are valued using inputs identified under a Level 3 hierarchy as of September 30, 2026 and December 31, 2025.

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

The following represents product sales by retail (B2B) and e-commerce (B2C) channels for the three and nine months ended September 30, 2026 and 2025:

	Three months ended September 30, 2026		Three months ended September 30, 2025	
	Amount (in thousands)	% of product sales, net	Amount (in thousands)	% of product sales, net
Retail sales (B2B)	$ 1,646	54.4 %	$ 1,784	54.8 %
E-Commerce sales (B2C)	1,382	45.6 %	1,472	45.2 %
Product sales, net	$ 3,028	100.0 %	$ 3,256	100.0 %

	Nine months ended September 30, 2026		Nine months ended September 30, 2025	
	Amount (in thousands)	% of product sales, net	Amount (in thousands)	% of product sales, net
Retail sales (B2B)	$ 5,041	54.7 %	$ 5,889	56.2 %
E-Commerce sales (B2C)	4,167	45.3 %	4,593	43.8 %
Product sales, net	$ 9,208	100.0 %	$ 10,482	100.0 %

Recent Accounting Pronouncements Not Yet Adopted

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

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

In May 2025, the FASB issued ASU 2025-03, "Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity" ("ASU 2025-03"), which revises the guidance in ASC 805 on identifying the accounting acquirer in a business combination in which the legal acquiree is a variable interest entity ("VIE"). ASU 2025-03 is intended to improve comparability between business combinations that involve VIEs and those that do not. Under ASU 2025-03, a reporting entity involved in a business combination effected primarily by the exchange of equity interests must consider the factors in ASC 805-10-55-12 through 55-15 to determine which entity is the accounting acquirer regardless of whether the legal acquiree is a VIE. More specifically, when considering those factors, the reporting entity can determine that a transaction in which the legal acquiree is a VIE represents a reverse acquisition (in which the legal acquirer is identified as the acquiree for accounting purposes). As a result, comparability is increased with business combinations in which the legal acquiree is a VIE. ASU 2025-03 is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. The amendments in ASU 2025-03 must be applied prospectively to any business combination that occurs after the initial adoption date. The Company is currently evaluating the effects this adoption will have on its consolidated financial statements.

In May 2025 the FASB issued ASU 2025-04, "Clarifications to Share-Based Consideration Payable to a Customer" ("ASU 2025-04"), which clarifies the guidance on the accounting for share-based payment awards that are granted by an entity as consideration payable to its customer, with the intent to reduce diversity in practice and improve existing guidance by revising the definition of a "performance condition" and eliminating a forfeiture policy election for service conditions associated with share-based consideration payable to a customer. ASU 2025-04 also clarifies that the guidance in Topic 606 on the variable consideration constraint does not apply to share-based consideration payable to a customer "regardless of whether an award's grant date has occurred." ASU 2025-04 is effective for fiscal years beginning after December 15, 2026 with updates to be applied on a retrospective or modified retrospective basis. Early

adoption is permitted. The Company is currently evaluating the effects this adoption will have on its consolidated financial statements.

2.BALANCE SHEET DETAILS

Inventory

Inventory as of September 30, 2026 and December 31, 2025 was comprised of the following (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	$ 2,236	$ 2,598
Work in process	380	387
Finished goods	1,349	1,102
	$ 3,965	$ 4,087

Additions to the inventory provision for the three and nine months ended September 30, 2026 and 2025 were not material.

Accrued expenses

Accrued expenses as of September 30, 2026 and December 31, 2025 were as follows (in thousands):

	September 30, 2026	December 31, 2025
Accrued payroll expenses	$ 1,384	$ 1,365
Accrued true-up obligation (Note 6)	94	—
Other accrued liabilities	972	1,082
	$ 2,450	$ 2,447

3.GOODWILL AND INTANGIBLE ASSETS

Goodwill

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

	Carrying Amount
Balance - December 31, 2025:	$ 1,015
Translation adjustment	(25)
Balance - September 30, 2026:	$ 990

As of December 31, 2025, the Company performed its annual goodwill impairment analysis following the steps laid out in ASC 350-20-35-3C. The Company's annual impairment analysis included a qualitative assessment to determine if it was necessary to perform the quantitative impairment test. The Company determined that there were certain triggering events, including sales declines, macroeconomic headwinds, regulatory headwinds and liquidity concerns. However, the fair value of the reporting unit was higher than its carrying amount. As such, the Company did not record any goodwill impairment charge for the year ended December 31, 2025. These triggering events remained during the three and nine months ended September 30, 2026. However, the fair value of the reporting unit was higher than its carrying amount. As such, the Company did not record any goodwill impairment charge during the three and nine months ended September 30, 2026. The Company's annual impairment testing date is December 31 of each year.

Intangible Assets

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

	September 30, 2026	December 31, 2025
Gross carrying amount	$ 116	$ 116
Accumulated amortization	(65)	(46)
Translation adjustment	4	6
Net carrying amount	$ 55	$ 76

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

	Trade names	Customer relationships	Total
Balance - December 31, 2025:	$ 34	$ 42	$ 76
Amortization	(9)	(10)	(19)
Translation adjustments	(1)	(1)	(2)
Balance - September 30, 2026:	$ 24	$ 31	$ 55

The Company did not incur costs to renew or extend the term of acquired intangible assets for the three and nine months ended September 30, 2026 and 2025. The estimated amortization expense for the Company's intangible assets is not significant in any future individual fiscal year. No indicators of impairment were identified during the three and nine months ended September 30, 2026.

4.LEASES

In October 2024, the Company entered into a lease agreement for its manufacturing facility in Poland. The facility is approximately 2,400 square feet and located outside of Warsaw, Poland. The lease term was for two years and expired on September 30, 2026. Based on the present value of the lease payments, the Company recognized an operating lease asset and liability for operating leases of $0.1 million on October 1, 2024. During the three months ended September 30, 2026, the Company entered into a new lease agreement for its manufacturing facility at the same location. The lease commenced on October 1, 2026. The lease term is for two years, however, it can be cancelled by the Company anytime with a 30 day notice period. As a result, the Company recorded the new lease agreement as a short-term operating lease.

In February 2025, the Company entered into a new lease agreement for its existing Elevated Softgels manufacturing facility. The facility is approximately 7,200 square feet and located in Grand Junction, Colorado. The lease term is for one year, with two one-year renewal periods. The total lease obligation over the estimated lease term of two years is approximately $0.2 million. The lease commenced on April 1, 2025.

In May 2025, the Company entered into a new lease agreement for its existing main office facility. The lease is for the Company's operations, warehouse, sales, marketing and back-office functions. The facility is approximately 6,000 square feet and located in San Diego, California. The lease term is for one year, with a one-year renewal period. The total lease obligation over the estimated lease term of two years is approximately $0.3 million. The lease commenced on June 1, 2025.

The Company's operating leases are included in "Right of use assets" on the Company's September 30, 2026 and December 31, 2025 Condensed Consolidated Balance Sheets, and represents the Company's right to use the underlying assets for the lease term. The Company's obligation to make lease payments is included in "Operating lease liability - current" and "Operating lease liability" on the Company's September 30, 2026 and December 31, 2025 Condensed Consolidated Balance Sheets. Operating lease expense is recognized on a straight-line basis over the lease term. As of September 30, 2026, the Company had operating lease obligations and operating lease assets of $0.1 million related to its facilities. During the three and nine months ended September 30, 2026, the Company's total lease cost was $66,899 and $196,878, respectively. During the three and nine months ended September 30, 2025, the Company's total lease cost was $62,363 and $174,662, respectively. Total lease costs were mostly comprised of operating lease costs. Short-term lease costs related to short-term operating leases and variable lease costs were not material during the three and nine months ended September 30, 2026 and 2025.

Because the rate implicit in the leases is not readily determinable, the Company uses the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. Information related to the Company's operating lease assets and related lease liabilities were as follows:

	September 30, 2026
Weighted-average remaining lease term (in months)	6.5
Weighted-average discount rate	8.0%

Maturities of lease liabilities as of September 30, 2026 were as follows (in thousands):

Year ending December 31,		
2026 (remaining three months)	$	64
2027		90
		154
Less imputed interest		(4)
Total lease liabilities	$	150
Current operating lease liabilities	$	150
Non-current operating lease liabilities		-
Total lease liabilities	$	150

5.DEBT

Debt as of December 31, 2025 was as follows (in thousands):

		December 31, 2025
Note payable, net of discount and costs	$	1,524
Insurance financing		125
		1,649
Less: Current portion of debt		(1,262)
Long-term portion of debt	$	387

The Company did not have any debt as of September 30, 2026, other than the convertible notes described in Note 6.

Note Payable

In February 2025, the Company entered into a securities purchase agreement with an institutional investor (the “Investor”), pursuant to which the Company issued and sold to the Investor a secured promissory note in the original principal amount of $1,600,000 (the “Note”). The Note carries an original issuance discount of $400,000 and the Company agreed to pay $10,000 to the Investor to cover legal fees. The Company incurred additional legal and professional fees of $72,424. The original issuance discount was deducted from the proceeds of the Note received by the Company which resulted in a purchase price received by the Company of $1,200,000.

The Note was due and payable on August 12, 2026 and the Company was required to make monthly repayments to the Investor of $106,667 starting on June 12, 2025.

In September 2025, the Company entered into an agreement (the “Agreement”) with the Investor. The Agreement amended the Note among other things: (a) to provide for a new maturity date of February 12, 2027, (b) to provide that the monthly redemption amount consists of (i) $106,667 of the outstanding principal amount of the Note on each of the first 3 monthly redemption dates, (ii) $0 of the outstanding principal amount of the Note on each of the next 6 monthly redemption dates, and (iii) $106,667 of the outstanding principal amount of the Note on each of the subsequent 12 monthly redemption dates, and (c) to provide the Investor $150,000 in cash.

The Company can pay all or any portion of the outstanding balance earlier than it is due without penalty. In the event the Company repaid the Note in full on or before August 12, 2025, the Company would have received a $100,000 discount from the outstanding balance. The Note was secured by all of the Company's assets pursuant to a security agreement and intellectual property security agreement entered into with the Investor on February 12, 2025. The Company's obligations under the Note were guaranteed by each of the Company's subsidiaries.

No interest was to accrue on the Note unless and until an occurrence of an event of default, as defined in the Note. The Note provided for customary events of default (an "Event of Default"), including, among other things, the nonpayment when due of principal, interest, fees or other amounts, a representation or warranty proving to have been incorrect when made, failure to perform or observe covenants within a specified cure period, a cross-default to certain other indebtedness and material agreements of the Company, and the occurrence of a bankruptcy, insolvency or similar event affecting the Company. Upon the occurrence of certain significant Events of Default as specified in the Note, the Investor could have increased the outstanding balance of the Note by 20%, and upon the occurrence of certain Events of Default, the Investor could have increased the outstanding balance of the Note by 5%. Upon the occurrence of an Event of Default, the Investor could have declared all amounts owed under the Note immediately due and payable. In addition, upon the occurrence of an Event of Default, interest was to begin accruing on the outstanding balance of the Note from the date of the Event of Default equal to the lesser of 18% per annum and the maximum rate allowable under law.

In October 2025, the Company entered into a securities purchase agreement with the Investor, pursuant to which the Company issued and sold to the Investor a secured promissory note in the original principal amount of $600,000 (the "New Note"). The New Note carried an original issuance discount of $150,000 and the Company paid $13,125 to the Investor to cover legal and other fees. The original issuance discount for the New Note and modification fees related to the Note were deducted from the proceeds of the New Note received by the Company which resulted in a purchase price received by the Company of $300,000.

The New Note was due and payable on April 6, 2027 and the Company was required to make monthly repayments to the Investor of $46,154 starting on April 6, 2026. The Company was able to pay all or any portion of the outstanding balance earlier than it is due without penalty. In the event the Company would have repaid the New Note in full on or before April 6, 2026, the Company would have received an 8% discount from the outstanding balance. The New Note was secured by all of the Company's assets pursuant to a security agreement and intellectual property security agreement entered into with the Investor in October 2025. The Company's obligations under the New Note were guaranteed by each of the Company's subsidiaries. No interest was to accrue on the New Note unless and until an occurrence of an event of default, as defined in the New Note.

In March 2026, the Company amended its existing promissory notes - see Note 6*, Convertible Note*, for a discussion of certain amendments to the Note and the New Note.

Streeterville Note

In July 2024, the Company entered into a note purchase agreement with Streeterville, pursuant to which the Company issued and sold to Streeterville a Secured Promissory Note (the "Streeterville Note") in the original principal amount of $1.2 million. The Streeterville Note carried an original issuance discount of $283,500. The Company incurred additional debt issuance costs of $5,000. As a result, the Company received aggregate net proceeds of approximately $0.9 million in connection with the sale and issuance of the Streeterville Note. The Streeterville Note was to mature on July 3, 2025 and the Company was required to make weekly repayments to Streeterville on the note in the amount of $22,856 until the Streeterville Note was paid in full. The Company was able to pay all or any portion of the outstanding balance earlier than it is due without penalty. In the event the Company repaid the Streeterville Note in full on or before December 31, 2024, the Company would have received a $75,000 discount from the outstanding balance.

No interest was to accrue on the Streeterville Note until an occurrence of an Event of Default, as defined in Section 4 of the Streeterville Note, if ever. The Streeterville Note provided for customary events of default, including, among other things, the event of nonpayment of principal, interest, fees or other amounts, a representation or warranty proving to have been incorrect when made, failure to perform or observe covenants within a specified period of time, a cross-default to certain other indebtedness of the Company, the bankruptcy or insolvency of the Company or any significant subsidiary, monetary judgment defaults of a specified amount and other defaults resulting in liability of a specified amount. In the event of an occurrence of an Event of Default by the Company, Streeterville could have declared all amounts owed under the Streeterville Note immediately due and payable. Also, a late fee and interest penalty of equal to either 22% per annum or the maximum rate allowable under law, whichever is lesser, could have been applied to any outstanding amount not paid when due or that remained outstanding while an Event of Default exists. The Streeterville Note was secured by all of the Company's assets as set forth in the Security Agreement dated July 3, 2024.

The Company made principal payments to Streeterville of $0.6 million during the nine months ended September 30, 2025. The Company repaid the outstanding Streeterville Note prior to its maturity date and recognized a gain on extinguishment of note of $37,500. As a result, the Streeterville Note has been fully repaid and satisfied as of September 30, 2025, and the Company's obligations thereunder, were cancelled and terminated.

Insurance Financing

In October 2026, subsequent to the balance sheet date, the Company entered into a financing agreement with First Insurance Funding ("First Insurance") in order to fund a portion of its insurance policies for the upcoming policy year. The amount financed was $0.1 million, which incurs interest at a rate of 7.72% per annum. The Company is required to make payments of $13,444 from November 2026 through July 2027.

In October 2025, the Company entered into a financing agreement with First Insurance in order to fund a portion of its insurance policies for its most recent year. The amount financed was $0.2 million, which incurred interest at a rate of 7.72% per annum. The Company was required to make monthly payments of $18,299 from November 2025 through July 2026. There was no outstanding balance as of September 30, 2026.

6.CONVERTIBLE NOTE

On March 4, 2026, the Company and the Investor entered into an agreement to, among other things, amend and restate its existing promissory notes (collectively, the "Amended Notes") - refer to *Note 5. Debt*, pursuant to which the outstanding balance of the Amended Notes may be converted into shares of common stock of the Company (the "Common Stock") at a fixed conversion price of $0.06 per share. The outstanding principal amounts of the Amended Notes were also increased by 20%. After such adjustment, the Amended Notes have an aggregate outstanding principal amount of $2,256,000. The amendment also provides if, after the sale of the conversion shares received upon a conversion, the Investor receives net proceeds (net of brokerage, legal opinion fees, and transfer agent fees) of less than 100% of the principal amount of the Amended Notes so converted, and the aggregate shortfall under both Amended Notes exceeds $94,000, the Company will issue a new senior secured convertible note on substantially the same terms and conditions of the Amended Notes (each a "Third Note") with a principal amount equal to the aggregate shortfall in excess of $94,000. Any Third Note so issued will be due April 6, 2027. In addition, any net proceeds received by the Investor in excess of the aggregate principal amount shall be returned to the Company.

On April 9, 2026, the Company and the Investor entered into an agreement (the "April Amendment") to amend the Amended Notes to implement a new fixed conversion price equal to $0.03 per share. The April Amendment also extended the maturity date of any Third Note to July 6, 2027. Finally, the April Amendment amended any Third Note to implement a new fixed conversion price equal to the lesser of (i) $0.03 per share and (ii) the closing price of the Common Stock on the day prior to the date of the original issuance of the Third Note.

During the nine months ended September 30, 2026, the Company issued the Investor seven Third Notes in the aggregate principal amount of $627,768, representing the aggregate shortfall of shares sold by the Investor in excess of $94,000. The initial fair value of these Third Notes was $418,299.

The Company made an irrevocable election to measure the Amended Notes and Third Notes at fair value as it believes the fair value option provides a greater ability to estimate the outcome of future events as facts and circumstances change, particularly with respect to changes in the fair value of the common stock. As of September 30, 2026, the fair value of the Amended Notes and Third Notes was $0.7 million.

The fair value of the convertible notes was determined using a probability-weighted scenario analysis, which is considered a Level 3 valuation technique due to the use of significant unobservable inputs. The valuation incorporated various potential settlement and repayment scenarios and estimated the probability of each outcome occurring. Significant inputs utilized in the valuation included the estimated discount rate, expected repayment amount and timing, and the estimated remaining term of the convertible notes. Changes in these assumptions could have a material impact on the estimated fair value of the convertible notes.

The following table summarizes the change in fair value of the Company's convertible notes recorded as Level 3 liabilities:

	Amount
Balance - January 1, 2026	$ —
Issuance of convertible notes at fair value	1,581
Conversions	(552)
Change in fair value	106
Balance - March 31, 2026	1,135
Issuance of convertible notes at fair value	223
Conversions	(705)
Change in fair value	364
Balance - June 30, 2026	1,017
Issuance of convertible notes at fair value	195
Conversions	(678)
Change in fair value	207
Balance - September 30, 2026	$ 741

During the three months ended September 30, 2026, the Investor converted amounts payable under such Amended Notes into an aggregate of 22,571,600 shares of the Company common stock at a weighted average conversion price of $0.03 per share, resulting in a reduction of the Amended Notes balance of 677,148. During the nine months ended September 30, 2026, the Investor converted amounts payable under such Amended Notes into an aggregate of 51,430,465 shares of the Company common stock at a weighted average conversion price of $0.04 per share, resulting in a reduction of the Amended Notes balance of $1,934,832. The Company recorded its estimated true-up obligation associated with converted shares during the nine months ended September 30, 2026 of $94,601 as accrued expenses, which is included in “Loss on debt conversions” in the Condensed Consolidated Statement of Operations.

Subsequent to September 30, 2026, the Company issued the Investor a new Third Note in the aggregate principal amount of $72,335. Also, subsequent to September 30, 2026, the Investor converted amounts payable under such Amended Notes into an additional 14,341,302 shares of the Company common stock at a weighted average conversion price of $0.03 per share, resulting in a further reduction of the Amended Note balance of $430,207.

7.STOCK-BASED COMPENSATION

On June 1, 2023, the Company’s shareholders approved the adoption of a new 2023 Equity Incentive Plan (the “2023 Plan”), and the Company adopted the 2023 Plan. As a result, the CV Sciences, Inc. Amended and Restated 2013 Equity Incentive Plan (the "2013 Plan") terminated and was replaced by the 2023 Plan; future issuances of incentive instruments will be made under and governed by the 2023 Plan. Outstanding awards issued under the 2013 Plan will remain subject to the terms and conditions of the 2013 Plan, provided that to the extent that outstanding awards under the 2013 Plan are forfeited or lapse unexercised, the shares of common stock subject to such awards will no longer be available for future issuance under the 2013 Plan or any other equity incentive plan of the Company.

The 2023 Plan has a term of 10 years. The number of shares of the Company’s common stock authorized for issuance under the 2023 Plan is initially 34,976,000 shares, which number shall automatically increase on January 1 of each fiscal year (for a period of ten years after adoption of the 2023 Plan) during the term of the 2023 Plan, commencing on January 1, 2024, by the lesser of (a) 4% of the total shares of the Company's common stock outstanding on December 31st of the prior year, and (b) a lesser number of the Company's common stock as determined by the Company's Board of Directors. As of December 31, 2025, the Company had 13,846,547 authorized but unissued shares reserved for issuance under the 2023 Plan. On January 1, 2026, the Company added 7,370,547 shares to the 2023 Plan.

As of September 30, 2026, total unrecognized compensation cost related to non-vested stock-based compensation arrangements was $0.8 million, which is expected to be recognized over a weighted-average period of 2.0 years.

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

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (in years)	Aggregate Intrinsic Value
Outstanding - December 31, 2025	39,943	$ 0.09	8.1	$ 555
Granted	14,450	0.04	—	—
Exercised	—	—	—	—
Cancelled	(990)	0.11	—	—
Outstanding - September 30, 2026	53,403	0.08	7.9	—
Exercisable - September 30, 2026	32,925	0.10	7.3	—
Vested or expected to vest - September 30, 2026	53,403	$ 0.08	7.9	$ —

The Company has established performance milestones in connection with drug development efforts for its lead drug candidate CVSI-007. As of September 30, 2026, there were 3,750,000 unvested performance-based stock options previously granted to Michael Mona Jr. ("Mona") outside of the 2013 Plan and 2023 Plan which are not included in the above table. These stock options have a weighted average exercise price of $0.38 and vest upon the satisfaction of future performance conditions (refer to Note 11). During the three months ended September 30, 2026, the Company cancelled 3,000,000 performance-based stock options with an average exercise price of $0.368 per share, as these stock options remained unexercised and the deadline to exercise these stock options lapsed.

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

	Nine months ended September 30, 2026	2025
Volatility	162.0%	146.1%
Risk-Free Interest Rate	3.9%	4.4%
Expected Term (in years)	5.76	5.76
Dividend Rate	—%	—%
Weighted Average Fair Value Per Share on Grant Date	$ 0.04	$ 0.03

The Company did not grant stock options during the three months ended September 30, 2026 and 2025.

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

8.NET LOSS PER SHARE

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Stock options	53,403	40,865	53,403	40,865
Performance stock options	3,750	6,750	3,750	6,750
Convertible notes	40,471	—	40,471	—
Total	97,624	47,615	97,624	47,615

9.COMMITMENTS AND CONTINGENCIES

On December 3, 2019, Michelene Colette and Leticia Shaw filed a putative class action complaint in the Central District of California, alleging the labeling on the Company's products violated the Food, Drug, and Cosmetic Act of 1938 (the "Colette Complaint"). On February 6, 2020, the Company filed a motion to dismiss the Colette Complaint. Instead of opposing the Company's motion, plaintiffs elected to file an amended complaint on February 25, 2020. On March 10, 2020, the Company filed a motion to dismiss the amended complaint. The court issued a ruling on May 22, 2020 that stayed this proceeding in its entirety and dismissed part of the amended complaint. The court's order stated that the portion of the proceeding that is stayed will remain stayed until the U.S. Food and Drug Administration (the "FDA") completes its rulemaking regarding the marketing, including labelling, of CBD ingestible products. However, on January 26, 2023, the FDA announced that it does not intend to pursue rulemaking allowing the use of cannabidiol products in dietary supplements or conventional foods. As a result, on February 13, 2023, Plaintiffs filed a status report with the court asking to have the stay lifted. The Company filed a written opposition. The court has taken no action since Plaintiffs filed that status report, and the case remains stayed pursuant to the court's original order.

On February 12, 2025, the Company initiated an arbitration with JAMS asserting claims against its long-time legal counsel, Procopio, Cory, Hargreaves, & Savitch, LLP ("Procopio"). The Company's engagement agreement with Procopio requires the resolution of such disputes through arbitration. Procopio provided the Company legal advice and guidance on when Mona would recognize W-2 income and be subject to payroll and income tax withholding resulting from the settlement of RSU's previously awarded to Mona. According to Procopio, because Mona was then an insider within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and he was subject to suit and disgorgement of short-swing profits if he sells stock within six months of the settlement date of the RSU's, Mona does not recognize W-2 income on the settlement date and that Mona would recognize W-2 income and be subject to tax withholding upon the expiration of the six month period under Section 16(b). Consequently, the Company issued to Mona a share certificate evidencing his ownership of shares of the Company's stock then valued at more than $13 million that Mona constructively received upon the settlement of his RSU's without withholding taxes. After Mona received the certificate, without acknowledging its prior advice and guidance, Procopio changed its prior advice and advised the Company that tax withholding was required as of the settlement date. Procopio continued to represent the Company to resolve the lack of withholding, address the fallout therefrom, report the same in its periodic reports filed with the SEC and numerous other legal matters. The Company disclosed the lack of withholding in its Form 10-Q for the quarter ended, March 31, 2019, and in subsequent quarterly and annual reports. The Company has also disclosed in its prior reports filed with the SEC that the lack of withholding has been the subject of multiple legal proceedings, the most recent of which involved a case brought by Mona against the Company that was resolved in November 2024 in the Company's favor in a binding arbitration. After that case was submitted to the arbitrator for decision, the Company sought to address with Procopio the legal advice and guidance it provided. Procopio responded by terminating the Company as a client on January 10, 2025, ending the Company's 12-year relationship with Procopio as its legal counsel. The Company sought to recover damages from Procopio resulting from its reliance on Procopio's advice and guidance, including fees and expenses paid to Procopio and other professionals, expenses incurred by the Company and other harm to it. In April 2025, JAMS appointed an arbitrator to the case. The evidentiary hearing was scheduled to begin on May 17, 2027. On September 23, 2026, the Company and Procopio entered into a settlement agreement. Under the terms of the settlement, the Company has received $500,000 in October 2026, and the Company and its former legal counsel have mutually released all claims against each other.

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

10.INCOME TAXES

For the three and nine months ended September 30, 2026 and 2025, the Company generated taxable losses for which no tax benefit has been recognized due to uncertainties regarding the future realization of the tax benefit. The tax effects of the taxable losses will be recognized when realization of the tax benefit becomes more likely than not or the tax effects of the previous interim losses are utilized.

11.RELATED PARTIES

During the year ended December 31, 2019, the Company's former President and Chief Executive Officer, Mona, and the Company entered into a Settlement Agreement (the "Settlement Agreement"), pursuant to which the Company acknowledged that Mona's resignation from the Company on January 22, 2019 was for Good Reason (as defined in Mona's Employment Agreement) and agreed to extend the deadline for Mona's exercise of his stock options for a period of five years. In exchange, Mona agreed that notwithstanding the terms of his Employment Agreement providing for acceleration of vesting of all stock options upon a Good Reason resignation, certain of his unvested stock options would not immediately vest, but rather continue to vest if, and only if, certain Company milestones are achieved related to the Company's drug development efforts. These stock options were issued in July 2016 (6,000,000 options) and March 2017 (5,000,000 options), and 3,750,000 of these stock options remain outstanding and have not vested as of September 30, 2026. The Company and Mona also agreed to mutually release all claims arising out of and related to Mona's resignation and separation from the Company.

In addition, 2,950,000 shares of stock were issued to Mona upon the vesting and settlement of the RSU's. The settlement of the RSU's by the payment of shares was treated as taxable compensation to Mona and thus subject to income tax withholdings. No amounts were withheld (either in cash or the equivalent of shares of common stock from the settlement of the RSU's) or included in the original Company's payroll tax filing. The compensation was subject to Federal and State income tax withholding and Federal Insurance Contributions Act ("FICA") taxes withholding estimated to be $6.4 million for the employee portions. The employer portion of the FICA taxes was $0.2 million and was recorded as a component of selling, general and administrative expenses in the statement of operations for the year ended December 31, 2019. During the year ended December 31, 2020, the Company reported the taxable compensation associated with the RSU settlement to the taxing authorities and included the amount in Mona's W-2 for 2019. Although the primary tax liability is the responsibility of the employee, the Company is secondarily liable to the taxing authorities and thus has continued to reflect this liability on its balance sheet through December 31, 2022 in an amount of $6.7 million, which was recorded as a component of accrued expenses. The Company initially recorded an offsetting receivable of $6.2 million during the second quarter of 2019 for the total estimated Federal and State income taxes which should have been withheld in addition to the employee portion of the FICA payroll taxes as the primary liability is ultimately the responsibility of the employee. The receivable was recorded as a component of prepaid expense and other on the condensed balance sheet. The deadline to file and pay personal income taxes for 2019 with extensions was on October 15, 2020. Notwithstanding repeated requests from the Company, Mona has not provided to the Company the appropriate documentation substantiating that he properly filed and paid his taxes for 2019, and Mona has recently confirmed that he has not paid his personal income tax for 2019. As a result, the Company derecognized its previously recorded receivable of $6.2 million during the fourth quarter of 2020. The associated liability would have been relieved once the tax amount was paid by Mona and the Company had received the required taxing authority documentation from Mona. If the tax amount was not paid by Mona, the Company could have been liable for such tax due.

The Company believes that the statute of limitations for federal payroll tax withholding expired on April 15, 2023. In addition, the statute of limitations for the state tax withholding expired during the three months ended March 31, 2023. As a result of the expiration of the relevant statutes of limitations, the Company believes that neither the IRS nor the State of California have the rights to assess and collect the $6.2 million of income taxes from the Company and the Company has made a change in accounting estimate and no longer expects to incur a loss with respect to this matter. As a result, the Company derecognized the contingent liability of $6.2 million during the three months ended March 31, 2023.

The Company believes that the statute of limitations for employer and employee Medicare portion of FICA taxes expired on April 15, 2025. As a result of the expiration of the relevant statutes of limitations, the Company believes that the IRS does not have the rights to assess and collect the $0.5 million of employer and employee Medicare portion of FICA taxes from the Company and the Company has made a change in accounting estimate and no longer expects to incur a loss with respect to this matter. As a result, the Company derecognized the contingent liability of $0.5 million during the nine months ended September 30, 2025.

12.SEGMENT DATA

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

The Company's reportable segment product sales, net and net loss for the three and nine months ended September 30, 2026 and 2025 consisted of the following (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Product sales, net	$ 3,028	$ 3,256	$ 9,208	$ 10,482
Cost of goods sold	1,514	1,677	4,682	5,401
Gross profit	1,514	1,579	4,526	5,081
Operating expenses:				
Research and development expense	19	24	55	104
Sales expense	613	691	1,930	2,140
Marketing expense	365	429	1,147	1,248
General and administrative expense	640	710	2,136	2,506
Benefit from legal settlement	(500)	—	(500)	—
Benefit from reversal of accrued payroll taxes	—	—	—	(522)
Total operating expenses	1,137	1,854	4,768	5,476
Operating income (loss)	377	(275)	(242)	(395)
Other expense (income):				
Gain on extinguishment of debt	—	—	(20)	(38)
Loss on debt conversions	263	—	512	—
Change in fair value of convertible notes	207	—	678	—
Interest expense, net	—	107	94	388
Total other expense	470	107	1,264	350
Loss before income taxes	(93)	(382)	(1,506)	(745)
Income tax expense	—	—	5	7
Net loss	$ (93)	$ (382)	$ (1,511)	$ (752)

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

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

The following discussion of our financial condition and results of operations for the three and nine months ended September 30, 2026 and 2025, respectively, should be read in conjunction with our condensed consolidated financial statements and the notes to those statements that are included elsewhere in this Quarterly Report on Form 10-Q. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

OVERVIEW

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

Our *+PlusCBD*™ branded products are sold at select retail locations throughout the U.S. and are the top-selling brands of hemp extracts in the natural products market, according to SPINS, the leading provider of syndicated data and insights for the natural, organic and specialty products industry. We follow all guidelines for good manufacturing practices ("GMP") and our products are processed, produced, and tested throughout the manufacturing process to confirm strict compliance with company and regulatory standards and specifications. With a commitment to science, *+PlusCBD*™ product benefits in healthy people are supported by human clinical research data, in addition to three published clinical case studies available on PubMed.gov. *+PlusCBD*™ was the first hemp extract supplement brand to invest in the scientific evidence necessary to receive self-affirmed "generally recognized as safe" ("GRAS") status.

In addition, on December 7, 2023, we entered into a Membership Interest Purchase Agreement, pursuant to which we purchased all of the outstanding equity interests in Cultured Foods Sp. z.o.o., resulting in Cultured Foods becoming a wholly owned subsidiary of the Company. Cultured Foods is a leading European manufacturer and distributor of plant-based protein products.

In May 2024, we acquired all outstanding membership interests of Elevated Softgels, LLC, a Delaware limited liability company, for a total purchase price of up to $1.0 million. Elevated Softgels is a leading manufacturer of encapsulated softgels and tinctures for the supplement and nutrition industry, based in Colorado.

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

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

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

Results of Operations

Revenues and gross profit

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2026	2025	Amount	%	2026	2025	Amount	%
	(in thousands)				(in thousands)			
Product sales, net	$ 3,028	$ 3,256	$ (228)	(7.0)%	$ 9,208	$ 10,482	$ (1,274)	(12.2)%
Cost of goods sold	1,514	1,677	(163)	(9.7)%	4,682	5,401	(719)	(13.3)%
Gross profit	$ 1,514	$ 1,579	$ (65)	(4.1)%	$ 4,526	$ 5,081	$ (555)	(10.9)%
Gross margin	*50.0%*	*48.5%*			*49.2%*	*48.5%*		

Third Quarter 2026 vs. 2025

	Three months ended September 30, 2026		Three months ended September 30, 2025	
	Amount (in thousands)	% of product sales, net	Amount (in thousands)	% of product sales, net
Retail sales (B2B)	$ 1,646	54.4%	$ 1,784	54.8%
E-commerce sales (B2C)	1,382	45.6%	1,472	45.2%
Product sales, net	$ 3,028	100.0%	$ 3,256	100.0%

We had net product sales of $3.0 million and gross profit of $1.5 million, representing a gross margin of 50.0%, in the third quarter of 2026, compared to net product sales of $3.3 million and gross profit of $1.6 million, representing a gross margin of 48.5%, in the third quarter of 2025. Net product sales decreased in the third quarter of 2026 when compared to the third quarter 2025 driven by lower sales volume due to restrictive regulation in certain states. The total number of units sold during the third quarter 2026 decreased by 4.7% compared to the third quarter 2025. Average sales price per unit also decreased by 4.6% compared to the same period 2025, due to higher discounts. Our net sales increased due to higher third-party contract manufacturing ("CMO") revenue in the third quarter of 2026 compared to the same period in 2025.

48.4% of our net revenue for the third quarter 2026 was from new products launched since January 1, 2023. During this time, we launched 53 new products. The overall market continues to be fragmented and highly competitive, which we believe is largely due to the lack of a clear regulatory framework and a patchwork of state regulation.

Cost of goods sold consists primarily of raw materials, packaging, manufacturing overhead (including payroll, employee benefits, stock-based compensation, facilities, depreciation, supplies and quality assurance costs), merchant card fees and shipping. We were able to reduce our cost of goods sold in the third quarter of 2026 compared to the third quarter of 2025 by $0.2 million, or 9.7%. The reduction is mostly due to the lower number of units sold in the third quarter of 2026. In addition, cost of goods sold in the third quarter of 2026 decreased as a percentage of revenue compared to the third quarter of 2025, mostly due to production cost savings, product mix, and improved margins for Elevated Softgels and Cultured Foods in the third quarter of 2026 compared to the prior year period. Our gross profit in the third quarter 2026 declined by $0.1 million, or 4.1% from the third quarter of 2025. Our gross margin improved from 48.5% in the third quarter 2025 to 50.0% in the third quarter of 2026. The improvement in our gross margin is primarily due to production cost savings and improved margins for Elevated Softgels and Cultured Foods.

First nine months 2026 vs. 2025

	Nine months ended September 30, 2026		Nine months ended September 30, 2025	
	Amount (in thousands)	% of product sales, net	Amount (in thousands)	% of product sales, net
Retail sales (B2B)	$ 5,041	54.7%	$ 5,889	56.2%
E-commerce sales (B2C)	4,167	45.3%	4,593	43.8%
Product sales, net	$ 9,208	100.0%	$ 10,482	100.0%

We had net product sales of $9.2 million and gross profit of $4.5 million, representing a gross margin of 49.2%, in the nine months ended September 30, 2026, compared to net product sales of $10.5 million and gross profit of $5.1 million, representing a gross margin of 48.5%, in the nine months ended September 30, 2025. Our net product sales decreased in the nine months ended September 30, 2026 when compared to the nine months ended September 30, 2025 mostly due to lower sales volume. Our sales volume declined due to the impact of restrictive state regulations. The total number of units sold during the nine months ended September 30, 2026 decreased by 10.7% compared to the nine months ended September 30, 2025. Average sales price per unit for the nine months ended September 30, 2026 decreased by 1.9% compared to the same period in 2025.

45.1% of our net revenue for the nine months ended September 30, 2026 was from new products launched since January 1, 2023. During this time, we have launched 53 new products. The overall market continues to be fragmented and highly competitive, which we believe is largely due to the lack of a clear regulatory framework and a patchwork of state regulation.

Cost of goods sold consists primarily of raw materials, packaging, manufacturing overhead (including payroll, employee benefits, stock-based compensation, facilities, depreciation, supplies and quality assurance costs), merchant card fees and shipping. We were able to reduce our cost of goods sold in the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 by $0.7 million, or 13.3%. The reduction is mostly due to the lower number of units sold in the nine months ended September 30, 2026. In addition, cost of goods sold in the nine months ended September 30, 2026 decreased as a percentage of revenue compared to the nine months ended September 30, 2025, mostly due to lower inventory losses and product savings. Our gross profit declined to $4.5 million in the nine months ended September 30, 2026 from $5.1 million in the nine months ended September 30, 2025. Our gross margin improved from 48.5% in the nine months ended September 30, 2025 to 49.2% in the nine months ended September 30, 2026. The improvement in our gross margin is primarily due to lower inventory losses and product cost savings.

Research and development expense

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2026	2025	Amount	%	2026	2025	Amount	%
	(in thousands)				(in thousands)			
Research and development expense	$ 19	$ 24	$ (5)	(21)%	$ 55	$ 104	$ (49)	(47)%
Percentage of product sales, net	*0.6%*	*0.7%*			*0.6%*	*1.0%*		

Third Quarter 2026 vs. 2025

Research and development (“R&D”) expense for the third quarter 2026 decreased slightly compared to the same period in 2025 due to lower new product development activity.

First nine months 2026 vs. 2025

R&D expense decreased due to lower new product development activity.

Selling, general and administrative expense

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2026	2025	Amount	%	2026	2025	Amount	%
	(in thousands)				(in thousands)			
Sales expense	$ 613	$ 691	$ (78)	(11)%	$ 1,930	$ 2,140	$ (210)	(10)%
Marketing expense	365	429	(64)	(15)%	1,147	1,248	(101)	(8)%
General & administrative expense	640	710	(70)	(10)%	2,136	2,506	(370)	(15)%
Selling, general and administrative	$ 1,618	$ 1,830	$ (212)	(12)%	$ 5,213	$ 5,894	$ (681)	(12)%
Percentage of product sales, net	*53.4%*	*56.2%*			*56.6%*	*56.2%*		

Third Quarter 2026 vs. 2025

Selling, general and administrative (“SG&A”) expense decreased to $1.6 million in the third quarter of 2026 compared to $1.8 million in the third quarter of 2025, which was primarily a result of the following:

- Sales expense decreased due to lower payroll, commission, travel and other expense, partially offset by an increase in stock-based compensation expense.
- Marketing expense decreased due to lower payroll, tradeshow and digital marketing expense.
- General and administrative ("G&A") expense for the third quarter of 2026 decreased from the prior year period due to lower insurance expense, depreciation and other administrative cost reductions. Also, during the third quarter 2026, we incurred and recorded $0.2 million of additional legal fees to our current attorney related to our legal action against Procopio, offset by $0.2 million reversal of previously accrued legal fees. For more information, please see Note 9, *Commitments and Contingencies*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

First nine months 2026 vs. 2025

SG&A expense decreased to $5.2 million in the nine months ended September 30, 2026 compared to $5.9 million in the nine months ended September 30, 2025, which was primarily a result of the following:

- Sales expense decreased due to lower commission, payroll, travel and other expense, partially offset by an increase in stock-based compensation expense.
- Marketing expense decreased due to lower payroll, advertising and overall marketing spend, partially offset by an increase in stock-based compensation expense.
- G&A expense for the nine months ended September 30, 2026 decreased from the prior year period due to lower legal fees and professional fees, insurance expense, depreciation and other administrative cost reductions, partially offset by an increase in stock-based compensation expense.

Gain from legal settlement

On February 12, 2025, we initiated an arbitration with JAMS asserting claims against our long-time legal counsel, Procopio, Cory, Hargreaves, & Savitch, LLP ("Procopio"). Our engagement agreement with Procopio requires the resolution of such disputes through arbitration. During the three months ended September 30, 2026, this case has been settled. Under the terms of the settlement, we received $500,000, and CV Sciences and its former legal counsel have mutually released all claims against each other. As a result, we recorded a gain from legal settlement during the three months ended September 30, 2026. For more information, please see Note 9, *Commitments and Contingencies*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Benefit from reversal of accrued payroll taxes

We previously recorded a contingent liability for payroll taxes associated with the RSU release to our founder. On April 15, 2025, the statute of limitations for employer and employee Medicare portion of FICA taxes expired. As a result of the expiration of the relevant statutes of limitations, the IRS does not have the rights to assess and collect the $0.5 million of employer and employee Medicare portion of FICA taxes from the Company and we have made a change in accounting estimate and no longer expect to incur a loss with respect to this matter. As a result, we derecognized the contingent liability of $0.5 million during the nine months ended September 30, 2025. For more information, please see Note 11, *Related Parties*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Other expense, net

Other expense consists of interest expense, net, gain on debt extinguishment, loss on conversion and change in fair value of convertible notes. Interest expense, net consists of interest expense and interest income. Interest expense was mostly related to the amortization of debt discount and debt issuance costs for the note payable with an institutional investor prior to its amendment to a convertible note. Gain on debt extinguishment relates to the gain recognized from the modification of notes payable in 2026 and the refinancing of the Streeterville note payable in 2025. During the three and nine months ended September 30, 2026, we recognized a loss on conversion related to the true-up feature in our convertible notes. In addition, we made an irrevocable election to measure the convertible notes at fair value. Any changes in fair value are recorded as change in fair value of convertible notes.

Non-GAAP Financial Measures

We use Adjusted EBITDA internally to evaluate our performance and make financial and operational decisions that are presented in a manner that adjusts from their equivalent GAAP measures or that supplement the information provided by our GAAP measures. Adjusted EBITDA is defined by us as EBITDA (net loss plus depreciation, amortization, interest and income tax expense), further adjusted to exclude certain non-cash expenses and other adjustments as set forth below. We use Adjusted EBITDA because we believe it also highlights trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures, since Adjusted EBITDA eliminates from our results specific financial items that have less bearing on our core operating performance.

We use Adjusted EBITDA in communicating certain aspects of our results and performance, including in this Quarterly Report on Form 10-Q, and believe that Adjusted EBITDA, when viewed in conjunction with our GAAP results and the accompanying reconciliation, can provide investors with greater transparency and a greater understanding of factors affecting our financial condition and results of operations than GAAP measures alone. In addition, we believe the presentation of Adjusted EBITDA is useful to investors in making period-to-period comparison of results because the adjustments to GAAP are not reflective of our core business performance.

Adjusted EBITDA is not presented in accordance with, or as an alternative to, GAAP financial measures and may be different from non-GAAP measures used by other companies. We encourage investors to review the GAAP financial measures included in this Quarterly Report on Form 10-Q, including our condensed financial statements, to aid in their analysis and understanding of our performance and in making comparisons.

A reconciliation from our net loss to Adjusted EBITDA, a non-GAAP measure, for the three and nine months ended September 30, 2026 and 2025 is detailed below:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in thousands)		(in thousands)	
Net loss	$ (93)	$ (382)	$ (1,511)	$ (752)
Depreciation expense	17	27	49	155
Amortization expense	6	6	18	18
Interest expense, net	—	107	94	388
Income tax expense	—	—	5	7
EBITDA	(70)	(242)	(1,345)	(184)
Stock-based compensation (1)	132	124	428	374
Loss on debt conversions (2)	263	—	512	—
Change in fair value of convertible notes (3)	207	—	678	—
Gain on legal settlement (4)	(500)	—	(500)	—
Gain on extinguishment of debt (5)	—	—	(20)	(38)
Benefit for reversal of accrued payroll tax (6)	—	—	—	(522)
Adjusted EBITDA	$ 32	$ (118)	$ (247)	$ (370)

(1)Represents stock-based compensation expense related to stock options awarded to employees, consultants and non-executive directors based on the grant date fair value using the Black-Scholes valuation model. For more information, please see Note 7, *Stock-Based Compensation*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(2)Represents the loss on debt conversions related to the true-up obligation. For more information, please see Note 6, *Convertible Note*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(3)Represents change in fair value of our convertible notes. For more information, please see Note 6, *Convertible Note*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(4)Represents the gain recognized associated with the settlement of our legal action against Procopio. For more information, please see Note 9, *Commitments and Contingencies*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(5)Represents gain on extinguishment of debt related to our notes payable. For more information, please see Note 5, *Debt*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(6)Represents benefit for reversal of accrued payroll tax associated with the RSU release to founder in 2019. For more information, please see Note 11, *Related Parties,* to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

During the nine months ended September 30, 2026 and the year ended December 31, 2025, our primary sources of capital came from (i) cash generated from our operations, (ii) existing cash, and (iii) proceeds from note payable financings. As of September 30, 2026, we had approximately $0.3 million of cash and working capital of approximately $0.7 million.

For the nine months ended September 30, 2026, the Company generated cash flows from operations of $0.2 million. However, the Company generated negative cash flows from operations for the last several years, and had an accumulated deficit of $89.5 million as of September 30, 2026.

We believe that a combination of factors have adversely impacted our business operations for the nine months ended September 30, 2026 and the year ended December 31, 2025. Due to a low barrier entry market with a lack of a clear regulatory framework, we face intense competition from both licensed and illicit market operators that may also sell herbal supplements and hemp-based CBD consumer products. Because we operate in a market that is rapidly evolving and expanding globally, our customers may choose to obtain CBD products from our competitors, and our success depends on our ability to attract and retain our customers from purchasing CBD products elsewhere. To remain competitive, we intend to continue to innovate new products, build brand awareness, and make significant

investments in our business strategy by introducing new products into the markets in which we operate, adopt quality assurance protocols and procedures, build our market presence, and undertake further research and development. In addition, we intend to make additional acquisitions to further diversify our product offerings.

During the fourth quarter of 2025, the regulatory environment for hemp-derived cannabinoid products continued to evolve materially following the enactment of H.R. 537, the "Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026" (the "2026 Act"). The 2026 Act was signed into law on November 12, 2025, and its provisions relating to hemp-derived cannabinoid products are scheduled to take effect on November 12, 2026. During the three months ended September 30, 2026, the effective date of the provisions related to hemp-derived cannabinoid products has been extended to December 11, 2026. Among other changes, the 2026 Act narrows the federal definition of hemp, by limiting hemp-derived consumable products to 0.4 mg of total THC, inclusive of THCA, per container. It remains uncertain whether these provisions will take effect as written, or instead be delayed, amended or replaced by subsequent congressional action. Products containing less than this amount may continue to be sold, but such products currently represent a small portion of the overall hemp-derived product market.

The Company is evaluating the potential impact of this legislation on its product portfolio, supply chain, and future operating results. The Company is in the process of assessing and, if necessary, modifying its product formulations, labeling, and related compliance measures in response to this legislation. While management cannot reasonably estimate the financial effect of this legislation at this time, it could have a material adverse impact on the Company's business, results of operations, and cash flows.

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

Note Payable

In February 2025, we entered into a securities purchase agreement with an institutional investor (the "Investor"), pursuant to which we issued and sold to the Investor a secured promissory note in the original principal amount of $1,600,000 (the "Note"). The Note carried an original issuance discount of $400,000 and the Company agreed to pay $10,000 to the Investor to cover legal fees. The Company incurred additional legal and professional fees of $72,424. The original issuance discount was deducted from the proceeds of the Note received by the Company which resulted in a purchase price received by the Company of $1,200,000.

The Note was due and payable on August 12, 2026 and we were required to make monthly repayments to the Investor of $106,667 starting on June 12, 2025.

In September 2025, we entered into an agreement (the "Agreement") with the Investor. The Agreement amended the Note among other things: (a) to provide for a new maturity date of February 12, 2027, (b) to provide that the monthly redemption amount consists of (i) $106,667 of the outstanding principal amount of the Note on each of the first 3 monthly redemption dates, (ii) $0 of the outstanding principal amount of the Note on each of the next 6 monthly redemption dates, and (iii) $106,667 of the outstanding principal amount of the Note on each of the subsequent 12 monthly redemption dates, and (c) to provide the Investor $150,000 in cash.

We were able to pay all or any portion of the outstanding balance earlier than it is due without penalty. In the event we would have repaid the Note in full on or before August 12, 2025, we would have received a $100,000 discount from the outstanding balance. The Note was secured by all of the Company's assets pursuant to a security agreement and intellectual property security agreement entered into with the Investor on February 12, 2025. The Company's obligations under the Note were guaranteed by each of the Company's subsidiaries.

No interest was to accrue on the Note unless and until an occurrence of an event of default, as defined in the Note. The Note provided for customary events of default (an "Event of Default"), including, among other things, the nonpayment when due of principal, interest, fees or other amounts, a representation or warranty proving to have been incorrect when made, failure to perform or observe covenants within a specified cure period, a cross-default to certain other indebtedness and material agreements of the Company, and the occurrence of a bankruptcy, insolvency or similar event affecting the Company. Upon the occurrence of certain significant Events of Default as specified in the Note, the Investor could have increased the outstanding balance of the Note by 20%, and upon the occurrence of certain Events of Default, the Investor could have increased the outstanding balance of the Note by 5%. Upon the occurrence of an Event of Default, the Investor could have declared all amounts owed under the Note immediately due and payable. In addition, upon the occurrence of an Event of Default, interest were to begin accruing on the outstanding balance of the Note from the date of the Event of Default equal to the lesser of 18% per annum and the maximum rate allowable under law.

In October 2025, we entered into a securities purchase agreement with the Investor, pursuant to which we issued and sold to the Investor a secured promissory note in the original principal amount of $600,000 (the "New Note"). The New Note carried an original issuance

discount of $150,000 and we paid $13,125 to the Investor to cover legal and other fees. The original issuance discount for the New Note and modification fees related to the Note were deducted from the proceeds of the New Note received by the Company which resulted in a purchase price received by us of $300,000.

The New Note was due and payable on April 6, 2027 and we were required to make monthly repayments to the Investor of $46,154 starting on April 6, 2026. We were able to pay all or any portion of the outstanding balance earlier than it is due without penalty. In the event we would have repaid the New Note in full on or before April 6, 2026, we would have received an 8% discount from the outstanding balance. The New Note was secured by all of the Company's assets pursuant to a security agreement and intellectual property security agreement entered into with the Investor in October 2025. The Company's obligations under the New Note were guaranteed by each of the Company's subsidiaries. No interest was to accrue on the New Note unless and until an occurrence of an event of default, as defined in the New Note.

Convertible Note Payable

On March 4, 2026, the Company and the Investor entered into an agreement to, among other things, amend and restate its existing promissory notes (collectively, the "Amended Notes") - refer to *Note 5. Debt*, pursuant to which the outstanding balance of the Amended Notes may be converted into shares of common stock of the Company (the "Common Stock") at a fixed conversion price of $0.06 per share. The outstanding principal amounts of the Amended Notes were also increased by 20%. After such adjustment, the Amended Notes have an aggregate outstanding principal amount of $2,256,000. The amendment also provides if, after the sale of the conversion shares received upon a conversion, the Investor receives net proceeds (net of brokerage, legal opinion fees, and transfer agent fees) of less than 100% of the principal amount of the Amended Notes so converted, and the aggregate shortfall under both Amended Notes exceeds $94,000, the Company will issue a new senior secured convertible note on substantially the same terms and conditions of the Amended Notes (each a "Third Note") with a principal amount equal to the aggregate shortfall in excess of $94,000. Any Third Note so issued will be due April 6, 2027. In addition, any net proceeds received by the Investor in excess of the aggregate principal amount shall be returned to the Company.

On April 9, 2026, the Company and the Investor entered into an agreement (the "April Amendment") to amend the Amended Notes to implement a new fixed conversion price equal to $0.03 per share. The April Amendment also extended the maturity date of any Third Note to July 6, 2027. Finally, the April Amendment amended any Third Note to implement a new fixed conversion price equal to the lesser of (i) $0.03 per share and (ii) the closing price of the Common Stock on the day prior to the date of the original issuance of the Third Note.

The Company made an irrevocable election to measure the Amended Notes at fair value as it believes the fair value option provides a greater ability to estimate the outcome of future events as facts and circumstances change, particularly with respect to changes in the fair value of the common stock. As of September 30, 2026, the fair value of the Amended Notes was $0.7 million.

The fair value of the convertible notes was determined using a probability-weighted scenario analysis, which is considered a Level 3 valuation technique due to the use of significant unobservable inputs. The valuation incorporated various potential settlement and repayment scenarios and estimated the probability of each outcome occurring. Significant inputs utilized in the valuation included the estimated discount rate, expected repayment amount and timing, and the estimated remaining term of the convertible notes. Changes in these assumptions could have a material impact on the estimated fair value of the convertible notes.

The following table summarizes the change in fair value of the Company's convertible notes recorded as Level 3 liabilities:

	Amount
Balance - January 1, 2026	$ —
Issuance of convertible notes at fair value	1,581
Conversions	(552)
Change in fair value	106
Balance - March 31, 2026	1,135
Issuance of convertible notes at fair value	223
Conversions	(705)
Change in fair value	364
Balance - June 30, 2026	1,017
Issuance of convertible notes at fair value	195
Conversions	(678)
Change in fair value	207
Balance - September 30, 2026	$ 741

During the three months ended September 30, 2026, the Investor converted amounts payable under such Amended Notes into an aggregate of 22,571,600 shares of the Company common stock at a weighted average conversion price of $0.03 per share, resulting in a reduction of the Amended Notes balance of $677,148. During the nine months ended September 30, 2026, the Investor converted amounts payable under such Amended Notes into an aggregate of 51,430,465 shares of the Company common stock at a weighted average conversion price of $0.04 per share, resulting in a reduction of the Amended Notes balance of $1,934,832.

During the three months ended September 30, 2026, the Company issued the Investor three Third Notes in the aggregate principal amount of $261,679. The initial fair value of these Third Notes was $194,449. During the nine months ended September 30, 2026, the Company issued the Investor seven Third Notes in the aggregate principal amount of $627,768, representing the aggregate shortfall of shares sold by the Investor in excess of $94,000. The initial fair value of these Third Notes was $418,299.

The Company recorded its estimated true-up obligation associated with converted shares during the nine months ended September 30, 2026 of $94,601 as accrued expenses, which is included in “Change in fair value of convertible notes payable” in the Condensed Consolidated Statement of Operations.

Subsequent to September 30, 2026, the Company issued the Investor a new Third Note in the aggregate principal amount of $72,335, representing the aggregate shortfall of shares sold by the Investor in excess of $94,000. Also, subsequent to September 30, 2026, the Investor converted amounts payable under such Amended Notes into an additional 14,341,302 shares of the Company common stock at a weighted average conversion price of $0.03 per share, resulting in a further reduction of the Amended Note balance of $430,207.

First Insurance Funding Agreements

In October 2026, we entered into a financing agreement with First Insurance Funding in order to fund a portion of our insurance policies for the upcoming policy year. The amount financed was $0.1 million, which incurs interest at a rate of 7.72% per annum. We are required to make monthly payments of $13,444 from November 2026 through July 2027.

In October 2025, we entered into a finance agreement with First Insurance Funding in order to fund a portion of our insurance policies. The amount financed is $0.2 million, which incurred interest at an annual rate of 7.72%. We were required to make monthly payments of $18,299 from November 2025 through July 2026. There was no outstanding balance as of September 30, 2026.

Going Concern

U.S. GAAP requires management to assess a company's ability to continue as a going concern within one year from the financial statement issuance date and to provide related note disclosure in certain circumstances. Our condensed consolidated financial statements and corresponding notes have been prepared assuming the Company will continue as a going concern. We generated cash flows from operations of $0.2 million for the nine months ended September 30, 2026. However, we generated negative cash flows from operations for the last several years and had an accumulated deficit of $89.5 million as of September 30, 2026. Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund our operations and growth initiatives. The Company intends to position itself so that it will be able to raise additional funds through the capital markets, issuance of debt, and/or securing lines of credit in order to continue its operations. However, there can be no assurances that additional working capital will be available to us on favorable terms, or at all, which would be likely to have a material adverse effect on the Company's ability to continue its operations.

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

A summary of our changes in cash flows for the three and nine months ended September 30, 2026 and 2025 is provided below:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in thousands)		(in thousands)	
Net cash flows provided by (used in):				
Operating activities	$ 63	$ (259)	$ 184	$ (53)
Investing activities	—	(11)	(10)	(100)
Financing activities	(18)	(234)	(140)	79
Effect of exchange rate changes on cash	(3)	(1)	(4)	1
Net increase (decrease) in cash	42	(505)	30	(73)
Cash, beginning of period	266	886	278	454
Cash, end of period	$ 308	$ 381	$ 308	$ 381

Operating Activities

Net cash used in operating activities includes net loss adjusted for non-cash items such as depreciation, amortization, bad debt expense, stock-based compensation, benefit of reversal of payroll tax liability, gain on legal settlement, interest expense related to our promissory notes, change in fair value of our convertible notes, loss on note conversions and gain on debt extinguishment. Operating assets and liabilities primarily include balances related to funding of inventory purchases and customer accounts receivable. Operating assets and liabilities that arise from the funding of inventory purchases and customer accounts receivable can fluctuate significantly from day to day and period to period depending on the timing of inventory purchases and customer payment behavior.

Cash generated in operating activities was $0.2 million in the nine months ended September 30, 2026, compared to cash used in operating activities of $0.1 million in the nine months ended September 30, 2025. We adjusted our net loss for non-cash items, which resulted in a net loss, adjusted for non-cash items of $0.1 million for the nine months ended September 30, 2026 and 2025. As a result, our increase in operating cash flows were the result of improvements of changes in working capital. Our working capital changes generated $0.3 million during the first nine months of 2026 compared to $25,000 during the first nine months of 2025. Our changes in working capital are mostly related to continued usage and conversion of our inventory and improvements of our accounts payable.

Investing Activities

Cash used in investing activities was $10,000 and $100,000 in the nine months ended September 30, 2026 and 2025, respectively, and related to improvements to our manufacturing facilities in Poland and at Elevated Softgels.

Financing Activities

Net cash used in financing activities was $0.1 million for the nine months ended September 30, 2026 compared to net cash provided by financing activities of $0.1 million for the nine months ended September 30, 2025. Our financing activities for the nine months ended September 30, 2026 consisted of payments for our insurance financing and debt issuance costs related to the amendment of our notes payable. Our financing activities for the nine months ended September 30, 2025 consisted of net proceeds from our note payable financing of $1.1 million, offset by repayments of Streeterville note of $0.9 million and our insurance financing of $0.1 million.

Inflation

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

Known Trends or Uncertainties

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

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

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

During the fourth quarter of 2025, the regulatory environment for hemp-derived cannabinoid products continued to evolve materially following the enactment of H.R. 537, the "Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026" (the "2026 Act"). The 2026 Act was signed into law on November 12, 2025, and its provisions relating to hemp-derived cannabinoid products are scheduled to take effect on November 12, 2026. During the three months ended September 30, 2026, the effective date of the provisions related to hemp-derived cannabinoid products has been extended to December 11, 2026. Among other changes, the 2026 Act narrows the federal definition of hemp, by limiting hemp-derived consumable products to 0.4 mg of total THC, inclusive of THCA, per container. It remains uncertain whether these provisions will take effect as written, or instead be delayed, amended or replaced by subsequent congressional action.

There is currently a lack of a clear federal regulatory framework regarding the development, sale and use of CBD products in the United States. As a result, differing state regulations have emerged, which regulations are constantly evolving and differ significantly from state

to state in many cases. Several states, including without limitation, California, Florida, Maryland, Minnesota, New York, Utah and Virginia, have recently adopted regulations that have impacted our ability to sell certain of our products in these states. These various state regulations have had a negative impact on our operating results for the year ended December 31, 2025 and the three and nine months ended September 30, 2026 and we expect that these regulations will continue to have a negative impact on our business going forward for so long as it, or any permanent law with similar or more stringent prohibitions, remains in effect; however, it is currently impossible to quantify the expected impact on our business. There is also substantial uncertainty and different interpretations among federal, state and local regulatory agencies, legislators, academics and businesses as to the emerging regulation of cannabinoids. These different opinions include, but are not limited to, the regulation of cannabinoids by the FDA and the extent to which manufacturers of products containing cannabinoids may engage in interstate commerce. These uncertainties have had, and may continue to have, an adverse effect on our business. Additionally, restrictive state regulations could adversely impact our revenue and earnings going forward.

Changes in U.S. and foreign governments' trade policies have resulted in, and may continue to result in, tariffs on imports into and exports from the U.S., among other restrictions. We are currently incurring increased tariffs on imports from China, where certain components of our finished products are sourced. We are closely monitoring this evolving situation and evaluating our responses, which may include price adjustments or other cost-mitigation measures. However, there can be no assurance that we will be able to fully mitigate the impact of such tariffs or trade restrictions. If further tariffs are imposed, we could be forced to raise prices on all or certain of our products or make changes to our operations, any of which could materially harm our revenue or operating results. Any additional future tariffs or quotas imposed may impact our sales, gross margin and profitability if we are unable to pass increased prices onto our customers. Currently, we cannot fully determine how these tariffs will affect our business operations. The overall impact on our business will be influenced by several variables, including the duration and potential expansion of current tariffs, future changes to tariff rates, scope, or enforcement, retaliatory measures by impacted trade partners, inflationary effects and broader macroeconomic responses, changes to consumer purchasing behavior, and the effectiveness of our responses in managing these challenges.

Critical Accounting Estimates

We have disclosed in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2025 Annual Report, filed with the SEC March 26, 2026, those accounting policies and estimates that we consider to be significant in determining our results of operation and financial condition. There have been no material changes to those policies and estimates that we consider to be significant since the filing of our 2025 Annual Report, except for our election of the fair value option under ASC 825 for certain convertible notes during the three and nine months ended September 30, 2026. The accounting principles used in preparing our unaudited condensed consolidated financial statements conform in all material respects to GAAP.

Recent Accounting Pronouncements

See Note 1 in the accompanying notes to unaudited condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. The Chief Executive Officer and the Chief Financial Officer, with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of September 30, 2026 and, based on their evaluation, have concluded that the disclosure controls and procedures were effective as of such date.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the fiscal quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, please see Note 9, *Commitments and Contingencies*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. RISK FACTORS

Not applicable to a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K.

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

The Company did not sell any other unregistered equity securities during the period covered by this report that were not otherwise disclosed in a Current Report on Form 8-K.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2026, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. EXHIBITS

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger, dated as of July 25, 2013, by and between CannaVest Corp., a Texas corporation, and CannaVest Corp., a Delaware corporation	10-Q	000-54677	2.1	August 13, 2013	
2.2	Agreement and Plan of Reorganization by and among CannaVEST Corp., CANNAVEST Merger Sub, Inc., CANNAVEST Acquisition LLC, CanX, Inc., and The Starwood Trust, as the Shareholder Representative	8-K	000-54677	2.1	January 4, 2016	
2.3	Amendment No. 1 to the Agreement and Plan of Reorganization, dated as of March 16, 2017, by and among the Company, CANNAVEST Acquisition LLC, and the Starwood Trust, as the Shareholder Representative	10-Q	000-54677	10.4	May 9, 2017	
2.4	Membership Interest Purchase Agreement, dated December 7, 2023, by and among the Company, Cultured Foods Sp. z.o.o., Brian McWhorter and Barbara McWhorter	10-K	000-54677	2.4	March 29, 2024	
2.5	Membership Interest Purchase Agreement by and among CV Sciences, Inc., Elevated Softgels, LLC, Clayton J. Montgomery, Chris Fagan, Andrew Kester and Timothy McGreer, dated May 8, 2024	10-Q	000-54677	2.5	August 13, 2024	
3.1	Certificate of Incorporation of CannaVEST Corp., as filed on July 26, 2013.	10-Q	000-54677	3.1	August 13, 2013	
3.2	Bylaws of CannaVEST Corp., dated as of June 26, 2013.	10-Q	000-54677	3.2	August 13, 2013	
3.3	Certificate of Amendment to Certificate of Incorporation of CannaVest Corp., as filed on January 4, 2016.	10-K	000-54677	3.3	April 14, 2016	
3.4	Certificate of Incorporation of the Company, as amended.	10-Q	000-54677	3.4	May 16, 2016	
3.5	Amendment to the Bylaws of the Company, as amended.	8-K	000-54677	3.1	March 22, 2017	
3.6	Bylaws of the Company, as amended.	10-Q	000-54677	3.6	May 9, 2017	
3.7	Amendment to the Bylaws of the Company, as amended	8-K	000-54677	3.1	June 14, 2021	
3.8	Certificate of Designation of Preference, Rights and Limitations of Convertible Preferred Stock.	8-K	000-54677	3.1	April 1, 2022	
3.9	Certificate of Amendment to Certificate of Incorporation of CV Sciences, Inc., as filed on June 6, 2022	10-Q	000-54677	3.9	August 15, 2022	
4.1	CannaVEST Corp. Specimen Stock Certificate	8-K	000-54677	4.1	July 31, 2013	
10.1	Securities Purchase Agreement dated February 12, 2025	8-K	000-54677	10.1	February 20, 2025	
10.2	Senior Secured Note Due August 12, 2026	8-K	000-54677	10.2	February 20, 2025	
10.3	Security Agreement dated February 12, 2025	8-K	000-54677	10.3	February 20, 2025	
10.4	Intellectual Property Security Agreement dated February 12, 2025	8-K	000-54677	10.4	February 20, 2025	

10.5	Securities Purchase Agreement dated October 6, 2025	8-K	000-54677	10.1	October 10, 2025	
10.6	Senior Secured Note Due April 6, 2027	8-K	000-54677	10.2	October 10, 2025	
10.7	Security Agreement dated October 6, 2025	8-K	000-54677	10.3	October 10, 2025	
10.8	Intellectual Property Security Agreement dated October 6, 2025	8-K	000-54677	10.4	October 10, 2025	
10.9	Agreement dated March 4, 2026	8-K	000-54677	10.1	March 10, 2026	
10.10	Amended and Restated Senior Security Convertible Note Due February 12, 2027	8-K	000-54677	10.2	March 10, 2026	
10.11	Amended and Restated Senior Security Convertible Note Due April 6, 2027	8-K	000-54677	10.3	March 10, 2026	
10.12	Senior Secured Convertible Note Due July 6, 2027 dated April 6, 2026	8-K	000-54677	10.1	April 10, 2026	
10.13	April Amendment dated April 9, 2026	8-K	000-54677	10.2	April 10, 2026	
10.14	Senior Secured Convertible Note Due July 6, 2027 dated May 5, 2026	10-Q	000-54677	10.14	May 15, 2026	
10.15	Senior Secured Convertible Note Due July 6, 2027 dated May 31, 2026	10-Q	000-54677	10.15	August 13, 2026	
10.16	Senior Secured Convertible Note Due July 6, 2027 dated June 30, 2026	10-Q	000-54677	10.16	August 13, 2026	
10.17	Senior Secured Convertible Note Due July 6, 2027 dated July 31, 2026	10-Q	000-54677	10.17	August 13, 2026	
10.18	Senior Secured Convertible Note Due July 6, 2027 dated August 28, 2026					X
10.19	Senior Secured Convertible Note Due July 6, 2027 dated September 30, 2026					X
10.20	Senior Secured Convertible Note Due July 6, 2027 dated October 30, 2026					X
31.1*	Certification of the Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.					X
31.2*	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101 INS*	Inline XBRL Instance Document**					X
101 SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents**					X
104**	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101 attachments)					X

* Filed herewith.

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

SIGNATURES

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

CV SCIENCES, INC.
(Registrant)

By /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Executive Officer
(Principal Executive Officer)

Dated November 12, 2026

By /s/ Joerg Grasser
Joerg Grasser
Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated November 12, 2026

Exhibit 10.18

[Certain information has been excluded because it both (i) is not material and (ii) is the type the Company treats as private or confidential]

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Original Issue Date: August 28, 2026

$84,407.11

SENIOR SECURED CONVERTIBLE NOTE DUE JULY 6, 2027

THIS SENIOR SECURED CONVERTIBLE NOTE is a duly authorized and validly issued Senior Secured Convertible Note of CV Sciences, Inc., a Delaware corporation (the "Company"), having its principal place of business at 9530 Padgett Street, Suite 107, San Diego, CA 92126, designated as its Senior Secured Convertible Note due on the Maturity Date (defined below) (this Note, the "Note").

FOR VALUE RECEIVED, the Company promises to pay to [***] (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of $84,407.11 on July 6, 2027 (the "Maturity Date") or such earlier date as this Note is required or permitted to be repaid as provided hereunder, and to pay interest to the Holder on the then outstanding principal amount of this Note in accordance with the provisions hereof. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement, and (b) the following terms shall have the following meanings below.

"Bankruptcy Event" means any of the following events: (a) the Company or any Subsidiary thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Subsidiary thereof, (b) there is commenced against the Company or any Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) the Company or any Subsidiary thereof

is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) the Company or any Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) the Company or any Subsidiary thereof or makes a general assignment for the benefit of creditors, (f) the Company or any Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts or (g) the Company or any Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 4(c).

"Business Day" means any day except any Saturday, any Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Change of Control" shall have the meaning set forth in the Purchase Agreement.

"Conversion Date" shall have the meaning set forth in Section 4(a).

"Conversion Price" shall have the meaning set forth in Section 4(b).

"Conversion Schedule" means the Conversion Schedule in the form of Schedule 1 attached hereto.

"Conversion Shares" means, collectively, the shares of common stock of the Company issuable upon conversion of this Note in accordance with the terms hereof.

"Delaware Courts" shall have the meaning set forth in Section 9(d).

"Event of Default" shall have the meaning set forth in Section 8(a).

"Excluded Securities" means the issuance of (A) shares of Common Stock or options to purchase Common Stock to directors, officers or employees of or consultants to the Company in their capacity as such; (B) shares of Common Stock issued upon the conversion or exercise of convertible securities (other than options to purchase Common Stock that are covered by clause (A) above) issued prior to the date hereof; or (C) the Conversion Shares.

"First Note" means the Amended and Restated Senior Secured Convertible Note due February 12, 2027 issued by the Company to the Holder in the original principal amount of $1,536,000.

"Fundamental Transaction" means (i) the Company effects any merger or consolidation of the Company with or into another Person, (ii) the Company effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property and has been accepted by the holders of fifty percent (50%) or more of the outstanding Common Stock, or (iv) the Company effects any reclassification of Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property.

"Late Fees" shall have the meaning set forth in Section 2(c).

"Mandatory Default Amount" means (i) 120% of the then outstanding principal and interest on this Note upon the occurrence of an Event of Default set forth under Sections 8(a)(i), 8(a)(ii), 8(a)(iii), 8(a)(iv) in respect of a breach of a material representation and warranty, 8(a)(v), 8(a)(vi), 8(a)(vii), 8(a)(viii), 8(a)(ix) or 8(a) (x), and (ii) 105% of the then outstanding principal and interest on this Note upon the occurrence of Event of Default set forth under Section 8(a)(iv) in respect of a breach of an immaterial representation and warranty.

"Note Register" shall have the meaning set forth in Section 2(b).

"Notice of Conversion" shall have the meaning set forth in Section 4(a).

"Optional Redemption" shall have the meaning set forth in Section 4(a).

"Optional Redemption Amount" means 100% of the principal amount thereof plus accrued but unpaid interest, liquidated damages and any other amounts then owing to the Holder in respect of this Note

"Optional Redemption Date" shall have the meaning set forth in Section 4(a).

"Optional Redemption Notice" shall have the meaning set forth in Section 4(a).

"Optional Redemption Notice Date" shall have the meaning set forth in Section 4(a).

"Original Issue Date" means the date of the first issuance of the Note, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Note.

"Permitted Indebtedness" means (a) the Indebtedness evidenced by the Note, the First Note and the Second Note, (b) indebtedness existing as of the date hereof, (c) lease obligations and purchase money indebtedness of up to $50,000, in the aggregate, incurred in connection with the acquisition of capital assets and lease obligations with respect to newly acquired or leased assets, (d) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to the Company, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the period in which such Indebtedness is incurred and such Indebtedness is outstanding only during such period, (e) Indebtedness incurred in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called "procurement cards" or "P-cards") or other similar cash management services, in each case, incurred in the ordinary course of business, (g) advances made in connection with purchases of goods or services in the ordinary course of business; and (i) unsecured indebtedness that is expressly subordinate to the Note pursuant to a written subordination agreement with the Purchaser that is acceptable to the Purchaser in its sole and absolute discretion.

"Permitted Lien" means the individual and collective reference to the following: (a) Liens for taxes, assessments and other governmental charges or levies not yet due or Liens for taxes, assessments and other governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Company) have been established in accordance with GAAP; (b) Liens imposed by law which were incurred in the ordinary course of the Company's business, such as carriers', warehousemen's and mechanics' Liens, statutory landlords' Liens, and other similar Liens arising in the ordinary course of the Company's business, and which (x) do not individually or in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Company or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing for the foreseeable future the forfeiture or sale of the property or asset subject to such Lien; (c) deposits and pledges of cash securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (ii) the performance of bids, tenders, leases, contracts (other

than for the payment of money) and statutory obligations or (iii) obligations on surety or appeal bonds, but only to the extent such deposits or pledges are made or otherwise arise in the ordinary course of business and secure obligations not past due; (d) easements, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (i) secure obligations for the payment of money or (ii) materially impair the value of such property or its use by the Company or any of its Subsidiaries in the normal conduct of such Person's business; (e) Liens securing the title and interest of a lessor or sublessor in and to personal property leased or subleased (other than through a capitalized lease), in each case extending only to such personal property;(f) rights of set-off or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business; and (g) Liens incurred in connection with Permitted Indebtedness incurred under clauses (a) and (b) thereunder.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of February 12, 2025 between the Company, and the original Holder, as amended, modified or supplemented from time to time in accordance with its terms.

"Qualified Offering" means an offering of equity or debt securities for gross proceeds to the Company of not less than $5.0 million.

"Registration Statement" means a registration statement covering the resale of the Conversion Shares by each Holder.

"Second Note" means the Amended and Restated Senior Secured Convertible Note due April 6, 2027 issued by the Company to the Holder in the original principal amount of $720,000.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 4(d)(ii).

"Subsidiary" shall have the meaning set forth in the Purchase Agreement.

"Trading Day" means a day on which the applicable Trading Market of the Company's common stock is open for business.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the NYSE MKT LLC, any trading platform maintained by OTC Markets, Inc., including, but not limited to, the OTCQX, OTCQB and Pink Open Markets.

"Transaction Documents" shall have the meaning set forth in the Purchase Agreement.

"True-Up Amount" shall have the meaning set forth in Section 4(d)(i).

"True-Up Date" shall have the meaning set forth in Section 4(d)(i).

Section 2. Interest.

a) Payment of Interest in Cash. No interest will accrue on this Note until the occurrence of an Event of Default.

b) Interest Calculations. Interest, if any, shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the occurrence of an Event of Default until payment in full of the outstanding principal, together with all accrued and unpaid interest, liquidated damages and other amounts which may become due hereunder, has been made. Interest hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "Note Register").

c) Late Fee. In addition to all other amounts required to be paid to Holder hereunder, all overdue accrued and unpaid principal to be paid hereunder shall entail a late fee at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law (the "Late Fees") which shall accrue daily from the date such principal is due hereunder through and including the date of actual payment in full.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Voluntary Conversion. At any time after the Original Issue Date until this Note is no longer outstanding, this Note shall be convertible, in whole or in part, into shares of common stock of the Company (the "Common Stock") at the option of the Holder, at any time and from time to time (subject to the conversion limitations set forth in Section 4(c) hereof). The Holder shall effect conversions by delivering to the Company a Notice of Conversion, the form of which is attached hereto as Annex A (each, a "Notice of Conversion"), specifying therein the principal amount of this Note to be converted and the date on which such conversion shall be effected (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Note to the Company unless the entire principal amount of this Note, plus all accrued and unpaid interest thereon, has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion. The Holder and the Company shall maintain records showing the principal amount(s) converted and the date of such conversion(s). The Company may deliver an objection to any Notice of Conversion within 1 Business Day of delivery of such Notice of Conversion. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. The Holder, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.

b) Conversion Price. This Note shall be convertible at the option of the Holder into shares of common stock of the Company at a fixed conversion price equal to the lesser of (i) $0.03 and (ii) the closing price of the Common Stock on the day prior to the date of original issuance hereof (as adjusted hereunder, the "Conversion Price").

c) Conversion Limitations. The Company shall not effect any conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Holder (together with the Holder's Affiliates, and any other person or entity acting as a group together with the Holder or any of the Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted principal amount of this Note beneficially owned by the Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Notes) beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 4(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4(c) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which principal amount of this Note is convertible shall be in the sole discretion of the Holder, and the submission of a Notice of Conversion shall be deemed to be the Holder's determination of whether this Note may be converted (in relation to other securities owned by the Holder together with any Affiliates) and which principal amount of this Note is convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, the Holder will be deemed to represent to the Company each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(c), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Company's most recent periodic or annual report, as the case may be; (B) a more recent public announcement by the Company; or (C) a more recent notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Note held by the Holder. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 4(c), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Note held by the Holder and the Beneficial Ownership Limitation provisions of this Section 4(c) shall continue to apply. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(c) to correct this paragraph (or any portion hereof) which may be

defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

d) Mechanics of Conversion.

i. Conversion Shares Issuable Upon Conversion of Principal Amount. Subject to Section 4(d)(vi) and (vii), the number of Conversion Shares issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Note to be converted by (y) the Conversion Price.

ii. Delivery of Certificate Upon Conversion. Not later than two (2) Trading Days after any Conversion Date (the "Share Delivery Date"), the Company shall, at its expense, deliver, or cause to be delivered, to the Holder a certificate or certificates representing the Conversion Shares (or a book entry account statement from the Company's transfer agent representing the Conversion Shares), which, on or after the date on which (x) the resale of such Conversion Shares are covered by and such Conversion Shares may be sold pursuant to an effective Registration Statement or (y) such Conversion Shares may be sold under Rule 144 shall be free of restrictive legends and trading restrictions representing the number of Conversion Shares being acquired and sold, as the case may be, upon the conversion of this Note. All certificates (or account statements) evidencing a book-entry interest in the Conversion Shares required to be delivered by the Company under this Section 4(c) that do not bear a restrictive legend shall be delivered electronically through DTC or another established clearing corporation performing similar functions, unless the Company or its transfer agent does not have an account with DTC and/or is not participating in the DTC/FAST System, in which case the Company shall issue and deliver to the address as specified in such Notice of Conversion a certificate or certificates, registered in the name of the Holder or its designee, for the number of Conversion Shares to which the Holder shall be entitled. If the Conversion Shares are not being sold pursuant to an effective Registration Statement or under Rule 144, the Conversion Shares, including certificates (or account statements) evidencing a book-entry interest therein, shall be delivered to the Holder by the Company's transfer agent and shall bear a restrictive legend in the following form, as appropriate:

> "**THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES**."

iii. Failure to Deliver Certificates. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the second Trading Day after the Conversion Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such certificate or certificates, to rescind such Conversion, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return to

the Common Stock certificates representing the principal amount of this Note unsuccessfully tendered for conversion to the Company.

iv. Obligation Absolute; Partial Liquidated Damages. If the Company fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(d)(ii) by the second Trading Day after the Conversion Date, the Company shall pay to such Holder, in cash, as liquidated damages and not as a penalty, of $1,000 for each Trading Day after such second Trading Day until such certificates are delivered. The Company's obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event a Holder of this Note shall elect to convert any or all of the outstanding principal amount hereof, the Company may not refuse conversion based on any claim that the Holder or any one associated or affiliated with the Holder of has been engaged in any violation of law, agreement or for any other reason, unless, an injunction from a court, on notice, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the principal amount of this Note outstanding, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of an injunction precluding the same, the Company shall issue Conversion Shares upon a properly noticed conversion. Nothing herein shall limit a Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 8 herein for the Company's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Holders from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

v. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Holder, if the Company fails for any reason to deliver to the Holder such certificate or certificates by the Share Delivery Date pursuant to Section 4(d)(ii), and if after such Share Delivery Date the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Company shall (A) pay in cash to the Holder (in addition to any other remedies available to or elected by the Holder) the amount by which (x) the Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Holder, either reissue (if surrendered) this Note in a principal amount equal to the principal amount of the attempted conversion or deliver to the Holder the number of shares of Common Stock that would have been issued if the Company had timely complied with its delivery requirements under Section 4(d)(ii). For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted conversion of this Note with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of $10,000 under clause (A) of the

immediately preceding sentence, the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon conversion of this Note as required pursuant to the terms hereof.

vi. True-Up. If, after the sale of all of the shares of Common Stock received on a given conversion (the "True-Up Date"), the Holder shall have received (directly or indirectly) net proceeds (net of brokerage, legal opinion fees, and transfer agent fees ("Net Proceeds")), less than 100% of the amount of the Note which has been converted (the "True-Up Amount"), the Company shall add to the principal of this Note an amount equal to the True -Up Amount. This provision shall apply to any and all conversions under this Note. It is the intention of the parties that the Net Proceeds received by the Holder on any conversion of this Note are at least equal to the amount of this Note so converted, and no greater in the aggregate, than the amount of this Note so converted. Notwithstanding anything to the contrary herein, if the Holder ultimately receives Net Proceeds and additional principal issued and subsequently added to this Note, in the aggregate, in an amount in excess of the total principal amount of this Note, the Holder shall promptly remit to the Company an amount in cash or return the Note with principal amount equal to such excess.

vii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

viii. Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that, the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

ix. Public Information. As long as any Holder holds the Note or Common Stock, if the Company is not required to file reports pursuant to the Exchange Act, it will prepare and furnish to such Holder and make publicly available in accordance with Rule 144(c) such information as is required for such Holder to sell the Note and Common Stock under Rule 144. The Company further covenants that it will take such further action as any holder of the Note or Common Stock may reasonably request, all to the extent required from time to time to enable such Person to sell such Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

e) Reservation and Listing of Securities. At all times and as long as any Holder owns this Note, the Company shall take all action necessary (and/or reasonably requested by the Holder) to at all times have authorized, and reserved out of its authorized but unissued shares of Common Stock for the purpose of issuance to the Holder upon conversions on the Note, no less than three times (3x) the maximum number of Conversion Shares issuable pursuant to the conversion of this Note (the "Required Reserved Amount"). If at any time the number of shares of Common Stock authorized and reserved for issuance is not sufficient to meet the Required Reserved Amount, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares, including, without limitation, calling a special meeting of stockholders to authorize

additional shares to meet the Company's obligations under this Note and the Transaction Documents, in the case of an insufficient number of authorized shares, obtain stockholder approval of an increase in such authorized number of shares, and voting the management shares of the Company in favor of an increase in the authorized shares of the Company to ensure that the number of authorized shares is sufficient to meet the Required Reserved Amount. The Company shall initially reserve shares of Common Stock on its own books and records (the "Reserve") for the issuance of Conversion Shares and any other shares of Common Stock required to be issued by the Company to the Holder pursuant to the Transaction Documents, which initial reservation shall be authorized by the written consent of the Company's Board of Directors. From and after the date hereof through and including the date all of the Company's and each of its Subsidiaries' Indebtedness and all other obligations owed to the Holder pursuant to this Note and the other Transaction Documents, is paid and performed in full, confirmation of which must be obtained by in writing from the Holder, the Company shall (a) issue or cause its Transfer Agent to issue the shares received on conversion and all other shares of Common Stock required to be issued to such Holder or its broker only (subject to the immediately following clause (b)) only from the Reserve (provided if the Reserve does not have the requisite number of shares of Common Stock, shares of Common Stock may be issued from other sources), (b) refrain from issuing or causing its Transfer Agent to issue shares of Common Stock to such Holder or its broker under the Notes from sources other than the Reserve, unless such Holder delivers to the Company written pre-approval of such issuance from such source(s) or there is not sufficient shares of Common Stock in the Reserve, and (c) not reduce the Reserve under any circumstances, unless such Holder delivers to the Company written pre-approval of such reduction. The Company shall immediately add shares of Common Stock to the Reserve to ensure that the Required Reserve Amount are in the Reserve at all times. The Company shall increase the amount of shares of Common Stock in the Reserve upon receipt of written notice, which may be in email form, by such Holder (and/or its assigns) in order to ensure that the Reserve contains the Required Reserve Amount and/or at any time the number of shares in the Reserve is less than the Required Reserve Amount. Notwithstanding anything to the contrary provided herein or elsewhere, if at any time the number of shares of Common Stock in the Reserve is less than the Required Reserved Amount, such Holder may send written notice to the Company's then Transfer Agent to increase the Reserve out of the Company's authorized but unissued shares of Common Stock in such number of additional shares of Common Stock so the Reserve consists of at least the Required Reserve Amount, provided, that the number of shares of Common Stock in the Reserve shall never be decreased or used for any other purposes other than for issue to the Holder hereof upon each conversion by such Holder of this Note.

Section 5. Certain Adjustments.

a) Fundamental Transaction. If, at any time while this Note is outstanding, (i) the Company effects a Fundamental Transaction, then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of 1 share of Common Stock (the "Alternate Consideration"). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of 1 share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of one share of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new Note consistent with the foregoing provisions and evidencing the Holder's right to convert such Note into Alternate

Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 5(a) and insuring that this Note (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction. For the avoidance of doubt, the terms of this Section 5(a) shall cease to apply in the event that this Note is paid in full pursuant to Section 6(d).

b) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

c) Notice to the Holder.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 5, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any holders of stockholders of the Company or shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be delivered to the Holder at its last address as it shall appear upon the Note Register, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert this Note during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice.

Section 6. Redemption.

a) Optional Redemption at Election of Company. Subject to the provisions of this Section 6(a), at any time after Original Issue Date and prior to the Maturity Date, the Company may, deliver a written notice to the Holder (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its irrevocable election to redeem all of the then outstanding principal amount of this Note for cash in an amount equal to the Optional Redemption Amount on the 20th Trading Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date", and such redemption, the "Optional Redemption"). The Optional Redemption Amount is payable in full on the Optional Redemption Date.

b) Reserved.

c) Redemption Procedure. The payment of cash pursuant to an Optional Redemption shall be payable on the Optional Redemption Date, as applicable. If any portion of the payment pursuant to an Optional Redemption shall not be paid by the Company by the applicable due date, an Event of Default shall be deemed to have occurred under the Note.

(d) Mandatory Prepayment. The Company shall be required to offer to prepay in cash the aggregate outstanding (unconverted) principal amount of the Note at 100% of the outstanding (unconverted) principal amount thereof plus any unpaid accrued interest to the date of repayment (if applicable), upon the closing of the sale of all or substantially all of the consolidated assets of the Company or its Subsidiaries or upon a Change of Control, or on a Qualified Offering and on the Maturity Date. In addition, upon the Company's receipt of cash proceeds from the sale of any debt or equity securities other than Excluded Securities (even if not constituting a Qualified Offering), the Company shall offer to prepay in cash the aggregate principal amount of the Note at 100% of the principal amount thereof plus any accrued interest on the date of repayment (if applicable) with 25% of the net proceeds received by the Company of any of its Subsidiary from such offering of debt or equity securities (other than Excluded Securities). Such payment shall be made on the date of each of the events specified above and in each case the Company shall if practical have provided 20 days' notice to the Holder.

Section 7. Negative Covenants. As long as any portion of this Note remains outstanding, unless the Holder shall have otherwise given prior written consent, the Company shall not, and shall not permit any of its Subsidiaries (whether or not a Subsidiary on the Original Issue Date) to, directly or indirectly:

a) other than Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money of any kind, including, but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

b) other than Permitted Liens, enter into, create, incur, assume or suffer to exist any Liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

c) amend its charter documents, including, without limitation, its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder;

d) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or Common Stock Equivalents of the Company or its Subsidiaries other than repurchases of Common Stock or Common Stock Equivalents of Company departing officers and directors of the Company, provided that such repurchases shall not exceed an aggregate of $50,000 for all officers and directors during the term of this Note;

e) repay, repurchase or offer to repay, repurchase or otherwise acquire, or make any principal, interest or amortization payment on any Indebtedness, other than the Note;

f) pay cash dividends or distributions on any equity securities of the Company or its Subsidiaries;

g) enter into any transaction with any Affiliate or family member of an Affiliate of the Company which would be required to be disclosed in any public filing with the Commission (other than pursuant to agreements and transactions that are disclosed or filed in SEC Reports or registration statements as of the Original Issue Date), unless such transaction is expressly approved by a majority of the disinterested directors of the Company (even if

less than a quorum otherwise required for board approval) or the aggregate amount involved is less than $50,000; or

h) enter into any agreement with respect to any of the foregoing.

Section 8. Events of Default.

a) "Event of Default" means, wherever used herein, the occurrence any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount (including amortization payments) of this Note or (B) interest, liquidated damages and other amounts owing to the Holder under this Note, as and when the same shall become due and payable (whether on Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within five days;

ii. the Company, any of its Subsidiaries shall fail to observe or perform any other covenant or agreement contained in this Note or any other Transaction Document which failure is not cured, if possible to cure, within the earlier to occur of (A) 10 days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) 20 days after the Company has become or should have become aware of such failure;

iii. a default or event of default (subject to any grace or cure period provided in the applicable agreement, document or instrument) shall occur and continue under any other material agreement, lease, document or instrument to which the Company or any Subsidiary is obligated (and not covered by clauses (ii) or (vi) of this Section (8)(a));

iv. any representation or warranty expressly made in this Note or any other Transaction Document, shall be untrue or incorrect in any material respect as of the date when made or deemed made;

v. the Company or any Subsidiary shall be subject to a Bankruptcy Event;

vi. the Company or any Subsidiary shall default on any of its obligations under any mortgage, credit agreement or other loan facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced, any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement that involves an obligation greater than $50,000, whether such indebtedness now exists or shall hereafter be created, and such default remains uncured after the lapse of any cure or grace period or otherwise results in acceleration of the obligations under the applicable agreement or instrument;

vii. the Common Stock shall not be eligible for listing or quotation for trading on the OTCQB or any Trading Market and shall not be eligible to resume listing or quotation for trading thereon within 30 days;

viii. the Company does not meet the current public information requirements of the Securities Act of 1934, as amended;

ix. any monetary judgment, writ or similar final process shall be entered or filed against the Company, any subsidiary, or any of their respective property or other assets for more than $50,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days; and

x. the Company fails for any reason to deliver certificates to the Holder prior to the tenth Trading Day after a Conversion Date pursuant to Section 4.

b) Remedies Upon Event of Default. If any Event of Default occurs, the outstanding principal amount of this Note, plus accrued but unpaid interest, liquidated damages and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election, immediately due and payable in cash at the Mandatory Default Amount. Commencing five days after the occurrence of any Event of Default that results in the eventual acceleration of this Note, interest on this Note shall accrue at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted under applicable law. Upon the payment in full of the Mandatory Default Amount, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 8(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 9. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Company at the address set forth above, or such other facsimile or electronic mail number or address as the Company may specify for such purpose by notice to the Holder delivered in accordance with this Section 9(a). Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile or electronic mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of the Holder appearing on the books of the Company, or if no such facsimile number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile or electronic mail at the facsimile number or email address, as applicable, specified on the signature page prior to 5:30 p.m. (New York City time), (ii) the date immediately following the date of transmission, if such notice or communication is delivered via facsimile or electronic mail at the facsimile number or email address, as applicable, specified on the signature page between 5:30 p.m. (New York City time) and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company.

c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the state of Delaware (the "Delaware Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the Delaware Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such Delaware Courts, or such Delaware Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If the Holder shall commence an action or proceeding to enforce any provisions of this Note, then it shall be reimbursed by the Company for its reasonable attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver; Amendment. Any waiver by the Company, or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company, or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver by the Company, or the Holder must be in writing. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of amendments, by the Company and the Holder or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought.

f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be due on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

i) Assumption. Any successor to the Company or any surviving entity in a Fundamental Transaction shall (i) assume all of the obligations of the Company under this Note and the other Transaction Documents pursuant to written agreements in form and substance satisfactory to the Holder (such approval not to be unreasonably withheld or delayed) and (ii) issue to the Holder a new Note of such successor entity evidenced by a written instrument substantially similar in form and substance to this Note, including, without limitation, having a principal amount and interest rate equal to the principal amount and the interest rate of this Note and having similar ranking to this Note, which shall be satisfactory to the Holder (any such approval not to be unreasonably withheld or delayed). The provisions of this Section 9(i) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations of this Note.

j) Senior Secured Obligation. In each case pursuant to the Security Agreement, dated as of the date hereof between the Company, its Subsidiaries and the Holder, the Note will be senior to all obligations of the Company and its Subsidiaries (other than the First Note and the Second Note which shall be pari passu in right of payment with the Note). The Note will have a first lien (pari passu in right of payment with the First Note and the Second Note) on all of the current and future assets (including IP) of the Company and its Subsidiaries

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

CV Sciences, Inc.

By: _____

Name: Joseph Dowling

Title: Chief Executive Officer

Facsimile No. for delivery of Notices:

ANNEX A

NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the Senior Secured Convertible Note of CV Sciences, Inc., a Delaware corporation (the "Company"), due on July 6, 2027, into shares of common stock, of the Company (the "Common Stock"), according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

By the delivery of this Notice of Conversion the undersigned represents and warrants to the Company that its ownership of the Common Stock does not exceed the amounts determined in accordance with Section 13(d) of the Exchange Act, specified under Section 4(c) of this Note.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock.

Conversion calculations:

Date to Effect Conversion:

Principal Amount of Notes to be Converted:

Payment of Interest in Common Stock __ yes __ no

If yes, $_____of Interest Accrued on Account of Conversion at Issue.

Number of shares of Common Stock to be issued:

Signature:

Name:

Address:

Delivery Instructions:

Schedule 1

CONVERSION SCHEDULE

The Senior Secured Convertible Note due on July 6, 2027 is issued by CV Sciences, Inc., a Delaware corporation. This Conversion Schedule reflects conversions made under Section 4 of the above referenced Note.

Dated:

Date of Conversion (or for first entry, Original Issue Date)	Amount of Conversion	Aggregate Principal Amount Remaining Subsequent To Conversion (or original Principal Amount)

Exhibit 10.19

[Certain information has been excluded because it both (i) is not material and (ii) is the type the Company treats as private or confidential]

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Original Issue Date: September 30, 2026

$105,461.16

SENIOR SECURED CONVERTIBLE NOTE DUE JULY 6, 2027

THIS SENIOR SECURED CONVERTIBLE NOTE is a duly authorized and validly issued Senior Secured Convertible Note of CV Sciences, Inc., a Delaware corporation (the "Company"), having its principal place of business at 9530 Padgett Street, Suite 107, San Diego, CA 92126, designated as its Senior Secured Convertible Note due on the Maturity Date (defined below) (this Note, the "Note").

FOR VALUE RECEIVED, the Company promises to pay to [***] (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of $105,461.16 on July 6, 2027 (the "Maturity Date") or such earlier date as this Note is required or permitted to be repaid as provided hereunder, and to pay interest to the Holder on the then outstanding principal amount of this Note in accordance with the provisions hereof. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement, and (b) the following terms shall have the following meanings below.

"Bankruptcy Event" means any of the following events: (a) the Company or any Subsidiary thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Subsidiary thereof, (b) there is commenced against the Company or any Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) the Company or any Subsidiary thereof

is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) the Company or any Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) the Company or any Subsidiary thereof or makes a general assignment for the benefit of creditors, (f) the Company or any Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts or (g) the Company or any Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 4(c).

"Business Day" means any day except any Saturday, any Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Change of Control" shall have the meaning set forth in the Purchase Agreement.

"Conversion Date" shall have the meaning set forth in Section 4(a).

"Conversion Price" shall have the meaning set forth in Section 4(b).

"Conversion Schedule" means the Conversion Schedule in the form of Schedule 1 attached hereto.

"Conversion Shares" means, collectively, the shares of common stock of the Company issuable upon conversion of this Note in accordance with the terms hereof.

"Delaware Courts" shall have the meaning set forth in Section 9(d).

"Event of Default" shall have the meaning set forth in Section 8(a).

"Excluded Securities" means the issuance of (A) shares of Common Stock or options to purchase Common Stock to directors, officers or employees of or consultants to the Company in their capacity as such; (B) shares of Common Stock issued upon the conversion or exercise of convertible securities (other than options to purchase Common Stock that are covered by clause (A) above) issued prior to the date hereof; or (C) the Conversion Shares.

"First Note" means the Amended and Restated Senior Secured Convertible Note due February 12, 2027 issued by the Company to the Holder in the original principal amount of $1,536,000.

"Fundamental Transaction" means (i) the Company effects any merger or consolidation of the Company with or into another Person, (ii) the Company effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property and has been accepted by the holders of fifty percent (50%) or more of the outstanding Common Stock, or (iv) the Company effects any reclassification of Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property.

"Late Fees" shall have the meaning set forth in Section 2(c).

"Mandatory Default Amount" means (i) 120% of the then outstanding principal and interest on this Note upon the occurrence of an Event of Default set forth under Sections 8(a)(i), 8(a)(ii), 8(a)(iii), 8(a)(iv) in respect of a breach of a material representation and warranty, 8(a)(v), 8(a)(vi), 8(a)(vii), 8(a)(viii), 8(a)(ix) or 8(a) (x), and (ii) 105% of the then outstanding principal and interest on this Note upon the occurrence of Event of Default set forth under Section 8(a)(iv) in respect of a breach of an immaterial representation and warranty.

"Note Register" shall have the meaning set forth in Section 2(b).

"Notice of Conversion" shall have the meaning set forth in Section 4(a).

"Optional Redemption" shall have the meaning set forth in Section 4(a).

"Optional Redemption Amount" means 100% of the principal amount thereof plus accrued but unpaid interest, liquidated damages and any other amounts then owing to the Holder in respect of this Note

"Optional Redemption Date" shall have the meaning set forth in Section 4(a).

"Optional Redemption Notice" shall have the meaning set forth in Section 4(a).

"Optional Redemption Notice Date" shall have the meaning set forth in Section 4(a).

"Original Issue Date" means the date of the first issuance of the Note, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Note.

"Permitted Indebtedness" means (a) the Indebtedness evidenced by the Note, the First Note and the Second Note, (b) indebtedness existing as of the date hereof, (c) lease obligations and purchase money indebtedness of up to $50,000, in the aggregate, incurred in connection with the acquisition of capital assets and lease obligations with respect to newly acquired or leased assets, (d) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to the Company, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the period in which such Indebtedness is incurred and such Indebtedness is outstanding only during such period, (e) Indebtedness incurred in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called "procurement cards" or "P-cards") or other similar cash management services, in each case, incurred in the ordinary course of business, (g) advances made in connection with purchases of goods or services in the ordinary course of business; and (i) unsecured indebtedness that is expressly subordinate to the Note pursuant to a written subordination agreement with the Purchaser that is acceptable to the Purchaser in its sole and absolute discretion.

"Permitted Lien" means the individual and collective reference to the following: (a) Liens for taxes, assessments and other governmental charges or levies not yet due or Liens for taxes, assessments and other governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Company) have been established in accordance with GAAP; (b) Liens imposed by law which were incurred in the ordinary course of the Company's business, such as carriers', warehousemen's and mechanics' Liens, statutory landlords' Liens, and other similar Liens arising in the ordinary course of the Company's business, and which (x) do not individually or in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Company or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing for the foreseeable future the forfeiture or sale of the property or asset subject to such Lien; (c) deposits and pledges of cash securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (ii) the performance of bids, tenders, leases, contracts (other

than for the payment of money) and statutory obligations or (iii) obligations on surety or appeal bonds, but only to the extent such deposits or pledges are made or otherwise arise in the ordinary course of business and secure obligations not past due; (d) easements, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (i) secure obligations for the payment of money or (ii) materially impair the value of such property or its use by the Company or any of its Subsidiaries in the normal conduct of such Person's business; (e) Liens securing the title and interest of a lessor or sublessor in and to personal property leased or subleased (other than through a capitalized lease), in each case extending only to such personal property;(f) rights of set-off or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business; and (g) Liens incurred in connection with Permitted Indebtedness incurred under clauses (a) and (b) thereunder.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of February 12, 2025 between the Company, and the original Holder, as amended, modified or supplemented from time to time in accordance with its terms.

"Qualified Offering" means an offering of equity or debt securities for gross proceeds to the Company of not less than $5.0 million.

"Registration Statement" means a registration statement covering the resale of the Conversion Shares by each Holder.

"Second Note" means the Amended and Restated Senior Secured Convertible Note due April 6, 2027 issued by the Company to the Holder in the original principal amount of $720,000.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 4(d)(ii).

"Subsidiary" shall have the meaning set forth in the Purchase Agreement.

"Trading Day" means a day on which the applicable Trading Market of the Company's common stock is open for business.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the NYSE MKT LLC, any trading platform maintained by OTC Markets, Inc., including, but not limited to, the OTCQX, OTCQB and Pink Open Markets.

"Transaction Documents" shall have the meaning set forth in the Purchase Agreement.

"True-Up Amount" shall have the meaning set forth in Section 4(d)(i).

"True-Up Date" shall have the meaning set forth in Section 4(d)(i).

Section 2. Interest.

a) Payment of Interest in Cash. No interest will accrue on this Note until the occurrence of an Event of Default.

b) Interest Calculations. Interest, if any, shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the occurrence of an Event of Default until payment in full of the outstanding principal, together with all accrued and unpaid interest, liquidated damages and other amounts which may become due hereunder, has been made. Interest hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "Note Register").

c) Late Fee. In addition to all other amounts required to be paid to Holder hereunder, all overdue accrued and unpaid principal to be paid hereunder shall entail a late fee at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law (the "Late Fees") which shall accrue daily from the date such principal is due hereunder through and including the date of actual payment in full.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Voluntary Conversion. At any time after the Original Issue Date until this Note is no longer outstanding, this Note shall be convertible, in whole or in part, into shares of common stock of the Company (the "Common Stock") at the option of the Holder, at any time and from time to time (subject to the conversion limitations set forth in Section 4(c) hereof). The Holder shall effect conversions by delivering to the Company a Notice of Conversion, the form of which is attached hereto as Annex A (each, a "Notice of Conversion"), specifying therein the principal amount of this Note to be converted and the date on which such conversion shall be effected (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Note to the Company unless the entire principal amount of this Note, plus all accrued and unpaid interest thereon, has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion. The Holder and the Company shall maintain records showing the principal amount(s) converted and the date of such conversion(s). The Company may deliver an objection to any Notice of Conversion within 1 Business Day of delivery of such Notice of Conversion. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. The Holder, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.

b) Conversion Price. This Note shall be convertible at the option of the Holder into shares of common stock of the Company at a fixed conversion price equal to the lesser of (i) $0.03 and (ii) the closing price of the Common Stock on the day prior to the date of original issuance hereof (as adjusted hereunder, the "Conversion Price").

c) Conversion Limitations. The Company shall not effect any conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Holder (together with the Holder's Affiliates, and any other person or entity acting as a group together with the Holder or any of the Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted principal amount of this Note beneficially owned by the Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Notes) beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 4(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4(c) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which principal amount of this Note is convertible shall be in the sole discretion of the Holder, and the submission of a Notice of Conversion shall be deemed to be the Holder's determination of whether this Note may be converted (in relation to other securities owned by the Holder together with any Affiliates) and which principal amount of this Note is convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, the Holder will be deemed to represent to the Company each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(c), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Company's most recent periodic or annual report, as the case may be; (B) a more recent public announcement by the Company; or (C) a more recent notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Note held by the Holder. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 4(c), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Note held by the Holder and the Beneficial Ownership Limitation provisions of this Section 4(c) shall continue to apply. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(c) to correct this paragraph (or any portion hereof) which may be

defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

d) Mechanics of Conversion.

i. Conversion Shares Issuable Upon Conversion of Principal Amount. Subject to Section 4(d)(vi) and (vii), the number of Conversion Shares issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Note to be converted by (y) the Conversion Price.

ii. Delivery of Certificate Upon Conversion. Not later than two (2) Trading Days after any Conversion Date (the "Share Delivery Date"), the Company shall, at its expense, deliver, or cause to be delivered, to the Holder a certificate or certificates representing the Conversion Shares (or a book entry account statement from the Company's transfer agent representing the Conversion Shares), which, on or after the date on which (x) the resale of such Conversion Shares are covered by and such Conversion Shares may be sold pursuant to an effective Registration Statement or (y) such Conversion Shares may be sold under Rule 144 shall be free of restrictive legends and trading restrictions representing the number of Conversion Shares being acquired and sold, as the case may be, upon the conversion of this Note. All certificates (or account statements) evidencing a book-entry interest in the Conversion Shares required to be delivered by the Company under this Section 4(c) that do not bear a restrictive legend shall be delivered electronically through DTC or another established clearing corporation performing similar functions, unless the Company or its transfer agent does not have an account with DTC and/or is not participating in the DTC/FAST System, in which case the Company shall issue and deliver to the address as specified in such Notice of Conversion a certificate or certificates, registered in the name of the Holder or its designee, for the number of Conversion Shares to which the Holder shall be entitled. If the Conversion Shares are not being sold pursuant to an effective Registration Statement or under Rule 144, the Conversion Shares, including certificates (or account statements) evidencing a book-entry interest therein, shall be delivered to the Holder by the Company's transfer agent and shall bear a restrictive legend in the following form, as appropriate:

> "**THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES**."

iii. Failure to Deliver Certificates. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the second Trading Day after the Conversion Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such certificate or certificates, to rescind such Conversion, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return to

the Common Stock certificates representing the principal amount of this Note unsuccessfully tendered for conversion to the Company.

iv. Obligation Absolute; Partial Liquidated Damages. If the Company fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(d)(ii) by the second Trading Day after the Conversion Date, the Company shall pay to such Holder, in cash, as liquidated damages and not as a penalty, of $1,000 for each Trading Day after such second Trading Day until such certificates are delivered. The Company's obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event a Holder of this Note shall elect to convert any or all of the outstanding principal amount hereof, the Company may not refuse conversion based on any claim that the Holder or any one associated or affiliated with the Holder of has been engaged in any violation of law, agreement or for any other reason, unless, an injunction from a court, on notice, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the principal amount of this Note outstanding, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of an injunction precluding the same, the Company shall issue Conversion Shares upon a properly noticed conversion. Nothing herein shall limit a Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 8 herein for the Company's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Holders from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

v. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Holder, if the Company fails for any reason to deliver to the Holder such certificate or certificates by the Share Delivery Date pursuant to Section 4(d)(ii), and if after such Share Delivery Date the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Company shall (A) pay in cash to the Holder (in addition to any other remedies available to or elected by the Holder) the amount by which (x) the Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Holder, either reissue (if surrendered) this Note in a principal amount equal to the principal amount of the attempted conversion or deliver to the Holder the number of shares of Common Stock that would have been issued if the Company had timely complied with its delivery requirements under Section 4(d)(ii). For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted conversion of this Note with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of $10,000 under clause (A) of the

immediately preceding sentence, the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon conversion of this Note as required pursuant to the terms hereof.

vi. True-Up. If, after the sale of all of the shares of Common Stock received on a given conversion (the "True-Up Date"), the Holder shall have received (directly or indirectly) net proceeds (net of brokerage, legal opinion fees, and transfer agent fees ("Net Proceeds")), less than 100% of the amount of the Note which has been converted (the "True-Up Amount"), the Company shall add to the principal of this Note an amount equal to the True -Up Amount. This provision shall apply to any and all conversions under this Note. It is the intention of the parties that the Net Proceeds received by the Holder on any conversion of this Note are at least equal to the amount of this Note so converted, and no greater in the aggregate, than the amount of this Note so converted. Notwithstanding anything to the contrary herein, if the Holder ultimately receives Net Proceeds and additional principal issued and subsequently added to this Note, in the aggregate, in an amount in excess of the total principal amount of this Note, the Holder shall promptly remit to the Company an amount in cash or return the Note with principal amount equal to such excess.

vii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

viii. Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that, the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

ix. Public Information. As long as any Holder holds the Note or Common Stock, if the Company is not required to file reports pursuant to the Exchange Act, it will prepare and furnish to such Holder and make publicly available in accordance with Rule 144(c) such information as is required for such Holder to sell the Note and Common Stock under Rule 144. The Company further covenants that it will take such further action as any holder of the Note or Common Stock may reasonably request, all to the extent required from time to time to enable such Person to sell such Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

e) Reservation and Listing of Securities. At all times and as long as any Holder owns this Note, the Company shall take all action necessary (and/or reasonably requested by the Holder) to at all times have authorized, and reserved out of its authorized but unissued shares of Common Stock for the purpose of issuance to the Holder upon conversions on the Note, no less than three times (3x) the maximum number of Conversion Shares issuable pursuant to the conversion of this Note (the "Required Reserved Amount"). If at any time the number of shares of Common Stock authorized and reserved for issuance is not sufficient to meet the Required Reserved Amount, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares, including, without limitation, calling a special meeting of stockholders to authorize

additional shares to meet the Company's obligations under this Note and the Transaction Documents, in the case of an insufficient number of authorized shares, obtain stockholder approval of an increase in such authorized number of shares, and voting the management shares of the Company in favor of an increase in the authorized shares of the Company to ensure that the number of authorized shares is sufficient to meet the Required Reserved Amount. The Company shall initially reserve shares of Common Stock on its own books and records (the "Reserve") for the issuance of Conversion Shares and any other shares of Common Stock required to be issued by the Company to the Holder pursuant to the Transaction Documents, which initial reservation shall be authorized by the written consent of the Company's Board of Directors. From and after the date hereof through and including the date all of the Company's and each of its Subsidiaries' Indebtedness and all other obligations owed to the Holder pursuant to this Note and the other Transaction Documents, is paid and performed in full, confirmation of which must be obtained by in writing from the Holder, the Company shall (a) issue or cause its Transfer Agent to issue the shares received on conversion and all other shares of Common Stock required to be issued to such Holder or its broker only (subject to the immediately following clause (b)) only from the Reserve (provided if the Reserve does not have the requisite number of shares of Common Stock, shares of Common Stock may be issued from other sources), (b) refrain from issuing or causing its Transfer Agent to issue shares of Common Stock to such Holder or its broker under the Notes from sources other than the Reserve, unless such Holder delivers to the Company written pre-approval of such issuance from such source(s) or there is not sufficient shares of Common Stock in the Reserve, and (c) not reduce the Reserve under any circumstances, unless such Holder delivers to the Company written pre-approval of such reduction. The Company shall immediately add shares of Common Stock to the Reserve to ensure that the Required Reserve Amount are in the Reserve at all times. The Company shall increase the amount of shares of Common Stock in the Reserve upon receipt of written notice, which may be in email form, by such Holder (and/or its assigns) in order to ensure that the Reserve contains the Required Reserve Amount and/or at any time the number of shares in the Reserve is less than the Required Reserve Amount. Notwithstanding anything to the contrary provided herein or elsewhere, if at any time the number of shares of Common Stock in the Reserve is less than the Required Reserved Amount, such Holder may send written notice to the Company's then Transfer Agent to increase the Reserve out of the Company's authorized but unissued shares of Common Stock in such number of additional shares of Common Stock so the Reserve consists of at least the Required Reserve Amount, provided, that the number of shares of Common Stock in the Reserve shall never be decreased or used for any other purposes other than for issue to the Holder hereof upon each conversion by such Holder of this Note.

Section 5. Certain Adjustments.

a) Fundamental Transaction. If, at any time while this Note is outstanding, (i) the Company effects a Fundamental Transaction, then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of 1 share of Common Stock (the "Alternate Consideration"). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of 1 share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of one share of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new Note consistent with the foregoing provisions and evidencing the Holder's right to convert such Note into Alternate

Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 5(a) and insuring that this Note (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction. For the avoidance of doubt, the terms of this Section 5(a) shall cease to apply in the event that this Note is paid in full pursuant to Section 6(d).

b) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

c) Notice to the Holder.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 5, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any holders of stockholders of the Company or shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be delivered to the Holder at its last address as it shall appear upon the Note Register, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert this Note during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice.

Section 6. Redemption.

a) Optional Redemption at Election of Company. Subject to the provisions of this Section 6(a), at any time after Original Issue Date and prior to the Maturity Date, the Company may, deliver a written notice to the Holder (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its irrevocable election to redeem all of the then outstanding principal amount of this Note for cash in an amount equal to the Optional Redemption Amount on the 20th Trading Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date", and such redemption, the "Optional Redemption"). The Optional Redemption Amount is payable in full on the Optional Redemption Date.

b) Reserved.

c) Redemption Procedure. The payment of cash pursuant to an Optional Redemption shall be payable on the Optional Redemption Date, as applicable. If any portion of the payment pursuant to an Optional Redemption shall not be paid by the Company by the applicable due date, an Event of Default shall be deemed to have occurred under the Note.

(d) Mandatory Prepayment. The Company shall be required to offer to prepay in cash the aggregate outstanding (unconverted) principal amount of the Note at 100% of the outstanding (unconverted) principal amount thereof plus any unpaid accrued interest to the date of repayment (if applicable), upon the closing of the sale of all or substantially all of the consolidated assets of the Company or its Subsidiaries or upon a Change of Control, or on a Qualified Offering and on the Maturity Date. In addition, upon the Company's receipt of cash proceeds from the sale of any debt or equity securities other than Excluded Securities (even if not constituting a Qualified Offering), the Company shall offer to prepay in cash the aggregate principal amount of the Note at 100% of the principal amount thereof plus any accrued interest on the date of repayment (if applicable) with 25% of the net proceeds received by the Company of any of its Subsidiary from such offering of debt or equity securities (other than Excluded Securities). Such payment shall be made on the date of each of the events specified above and in each case the Company shall if practical have provided 20 days' notice to the Holder.

Section 7. Negative Covenants. As long as any portion of this Note remains outstanding, unless the Holder shall have otherwise given prior written consent, the Company shall not, and shall not permit any of its Subsidiaries (whether or not a Subsidiary on the Original Issue Date) to, directly or indirectly:

a) other than Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money of any kind, including, but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

b) other than Permitted Liens, enter into, create, incur, assume or suffer to exist any Liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

c) amend its charter documents, including, without limitation, its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder;

d) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or Common Stock Equivalents of the Company or its Subsidiaries other than repurchases of Common Stock or Common Stock Equivalents of Company departing officers and directors of the Company, provided that such repurchases shall not exceed an aggregate of $50,000 for all officers and directors during the term of this Note;

e) repay, repurchase or offer to repay, repurchase or otherwise acquire, or make any principal, interest or amortization payment on any Indebtedness, other than the Note;

f) pay cash dividends or distributions on any equity securities of the Company or its Subsidiaries;

g) enter into any transaction with any Affiliate or family member of an Affiliate of the Company which would be required to be disclosed in any public filing with the Commission (other than pursuant to agreements and transactions that are disclosed or filed in SEC Reports or registration statements as of the Original Issue Date), unless such transaction is expressly approved by a majority of the disinterested directors of the Company (even if

less than a quorum otherwise required for board approval) or the aggregate amount involved is less than $50,000; or

h) enter into any agreement with respect to any of the foregoing.

Section 8. Events of Default.

a) "Event of Default" means, wherever used herein, the occurrence any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount (including amortization payments) of this Note or (B) interest, liquidated damages and other amounts owing to the Holder under this Note, as and when the same shall become due and payable (whether on Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within five days;

ii. the Company, any of its Subsidiaries shall fail to observe or perform any other covenant or agreement contained in this Note or any other Transaction Document which failure is not cured, if possible to cure, within the earlier to occur of (A) 10 days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) 20 days after the Company has become or should have become aware of such failure;

iii. a default or event of default (subject to any grace or cure period provided in the applicable agreement, document or instrument) shall occur and continue under any other material agreement, lease, document or instrument to which the Company or any Subsidiary is obligated (and not covered by clauses (ii) or (vi) of this Section (8)(a));

iv. any representation or warranty expressly made in this Note or any other Transaction Document, shall be untrue or incorrect in any material respect as of the date when made or deemed made;

v. the Company or any Subsidiary shall be subject to a Bankruptcy Event;

vi. the Company or any Subsidiary shall default on any of its obligations under any mortgage, credit agreement or other loan facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced, any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement that involves an obligation greater than $50,000, whether such indebtedness now exists or shall hereafter be created, and such default remains uncured after the lapse of any cure or grace period or otherwise results in acceleration of the obligations under the applicable agreement or instrument;

vii. the Common Stock shall not be eligible for listing or quotation for trading on the OTCQB or any Trading Market and shall not be eligible to resume listing or quotation for trading thereon within 30 days;

viii. the Company does not meet the current public information requirements of the Securities Act of 1934, as amended;

ix. any monetary judgment, writ or similar final process shall be entered or filed against the Company, any subsidiary, or any of their respective property or other assets for more than $50,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days; and

x. the Company fails for any reason to deliver certificates to the Holder prior to the tenth Trading Day after a Conversion Date pursuant to Section 4.

b) Remedies Upon Event of Default. If any Event of Default occurs, the outstanding principal amount of this Note, plus accrued but unpaid interest, liquidated damages and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election, immediately due and payable in cash at the Mandatory Default Amount. Commencing five days after the occurrence of any Event of Default that results in the eventual acceleration of this Note, interest on this Note shall accrue at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted under applicable law. Upon the payment in full of the Mandatory Default Amount, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 8(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 9. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Company at the address set forth above, or such other facsimile or electronic mail number or address as the Company may specify for such purpose by notice to the Holder delivered in accordance with this Section 9(a). Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile or electronic mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of the Holder appearing on the books of the Company, or if no such facsimile number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile or electronic mail at the facsimile number or email address, as applicable, specified on the signature page prior to 5:30 p.m. (New York City time), (ii) the date immediately following the date of transmission, if such notice or communication is delivered via facsimile or electronic mail at the facsimile number or email address, as applicable, specified on the signature page between 5:30 p.m. (New York City time) and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company.

c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the state of Delaware (the "Delaware Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the Delaware Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such Delaware Courts, or such Delaware Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If the Holder shall commence an action or proceeding to enforce any provisions of this Note, then it shall be reimbursed by the Company for its reasonable attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver; Amendment. Any waiver by the Company, or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company, or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver by the Company, or the Holder must be in writing. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of amendments, by the Company and the Holder or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought.

f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be due on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

i) Assumption. Any successor to the Company or any surviving entity in a Fundamental Transaction shall (i) assume all of the obligations of the Company under this Note and the other Transaction Documents pursuant to written agreements in form and substance satisfactory to the Holder (such approval not to be unreasonably withheld or delayed) and (ii) issue to the Holder a new Note of such successor entity evidenced by a written instrument substantially similar in form and substance to this Note, including, without limitation, having a principal amount and interest rate equal to the principal amount and the interest rate of this Note and having similar ranking to this Note, which shall be satisfactory to the Holder (any such approval not to be unreasonably withheld or delayed). The provisions of this Section 9(i) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations of this Note.

j) Senior Secured Obligation. In each case pursuant to the Security Agreement, dated as of the date hereof between the Company, its Subsidiaries and the Holder, the Note will be senior to all obligations of the Company and its Subsidiaries (other than the First Note and the Second Note which shall be pari passu in right of payment with the Note). The Note will have a first lien (pari passu in right of payment with the First Note and the Second Note) on all of the current and future assets (including IP) of the Company and its Subsidiaries

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

CV Sciences, Inc.

By: _____

Name: Joseph Dowling

Title: Chief Executive Officer

Facsimile No. for delivery of Notices:

ANNEX A

NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the Senior Secured Convertible Note of CV Sciences, Inc., a Delaware corporation (the "Company"), due on July 6, 2027, into shares of common stock, of the Company (the "Common Stock"), according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

By the delivery of this Notice of Conversion the undersigned represents and warrants to the Company that its ownership of the Common Stock does not exceed the amounts determined in accordance with Section 13(d) of the Exchange Act, specified under Section 4(c) of this Note.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock.

Conversion calculations:

Date to Effect Conversion:

Principal Amount of Notes to be Converted:

Payment of Interest in Common Stock __ yes __ no

If yes, $_____of Interest Accrued on Account of Conversion at Issue.

Number of shares of Common Stock to be issued:

Signature:

Name:

Address:

Delivery Instructions:

Schedule 1

CONVERSION SCHEDULE

The Senior Secured Convertible Note due on July 6, 2027 is issued by CV Sciences, Inc., a Delaware corporation. This Conversion Schedule reflects conversions made under Section 4 of the above referenced Note.

Dated:

Date of Conversion (or for first entry, Original Issue Date)	Amount of Conversion	Aggregate Principal Amount Remaining Subsequent To Conversion (or original Principal Amount)

Exhibit 10.20

[Certain information has been excluded because it both (i) is not material and (ii) is the type the Company treats as private or confidential]

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Original Issue Date: October 30, 2026

$72,335

SENIOR SECURED CONVERTIBLE NOTE DUE JULY 6, 2027

THIS SENIOR SECURED CONVERTIBLE NOTE is a duly authorized and validly issued Senior Secured Convertible Note of CV Sciences, Inc., a Delaware corporation (the "Company"), having its principal place of business at 9530 Padgett Street, Suite 107, San Diego, CA 92126, designated as its Senior Secured Convertible Note due on the Maturity Date (defined below) (this Note, the "Note").

FOR VALUE RECEIVED, the Company promises to pay to [***] (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of $72,335 on July 6, 2027 (the "Maturity Date") or such earlier date as this Note is required or permitted to be repaid as provided hereunder, and to pay interest to the Holder on the then outstanding principal amount of this Note in accordance with the provisions hereof. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement, and (b) the following terms shall have the following meanings below.

"Bankruptcy Event" means any of the following events: (a) the Company or any Subsidiary thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Subsidiary thereof, (b) there is commenced against the Company or any Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) the Company or any Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is

entered, (d) the Company or any Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) the Company or any Subsidiary thereof or makes a general assignment for the benefit of creditors, (f) the Company or any Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts or (g) the Company or any Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 4(c).

"Business Day" means any day except any Saturday, any Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Change of Control" shall have the meaning set forth in the Purchase Agreement.

"Conversion Date" shall have the meaning set forth in Section 4(a).

"Conversion Price" shall have the meaning set forth in Section 4(b).

"Conversion Schedule" means the Conversion Schedule in the form of Schedule 1 attached hereto.

"Conversion Shares" means, collectively, the shares of common stock of the Company issuable upon conversion of this Note in accordance with the terms hereof.

"Delaware Courts" shall have the meaning set forth in Section 9(d).

"Event of Default" shall have the meaning set forth in Section 8(a).

"Excluded Securities" means the issuance of (A) shares of Common Stock or options to purchase Common Stock to directors, officers or employees of or consultants to the Company in their capacity as such; (B) shares of Common Stock issued upon the conversion or exercise of convertible securities (other than options to purchase Common Stock that are covered by clause (A) above) issued prior to the date hereof; or (C) the Conversion Shares.

"First Note" means the Amended and Restated Senior Secured Convertible Note due February 12, 2027 issued by the Company to the Holder in the original principal amount of $1,536,000.

"Fundamental Transaction" means (i) the Company effects any merger or consolidation of the Company with or into another Person, (ii) the Company effects any sale of all or substantially all of its assets in one transaction or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property and has been accepted by the holders of fifty percent (50%) or more of the outstanding Common Stock, or (iv) the Company effects any reclassification of Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property.

"Late Fees" shall have the meaning set forth in Section 2(c).

"Mandatory Default Amount" means (i) 120% of the then outstanding principal and interest on this Note upon the occurrence of an Event of Default set forth under Sections 8(a)(i), 8(a)(ii), 8(a)(iii), 8(a)(iv) in respect of

a breach of a material representation and warranty, 8(a)(v), 8(a)(vi), 8(a)(vii), 8(a)(viii), 8(a)(ix) or 8(a) (x), and (ii) 105% of the then outstanding principal and interest on this Note upon the occurrence of Event of Default set forth under Section 8(a)(iv) in respect of a breach of an immaterial representation and warranty.

"Note Register" shall have the meaning set forth in Section 2(b).

"Notice of Conversion" shall have the meaning set forth in Section 4(a).

"Optional Redemption" shall have the meaning set forth in Section 4(a).

"Optional Redemption Amount" means 100% of the principal amount thereof plus accrued but unpaid interest, liquidated damages and any other amounts then owing to the Holder in respect of this Note

"Optional Redemption Date" shall have the meaning set forth in Section 4(a).

"Optional Redemption Notice" shall have the meaning set forth in Section 4(a).

"Optional Redemption Notice Date" shall have the meaning set forth in Section 4(a).

"Original Issue Date" means the date of the first issuance of the Note, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Note.

"Permitted Indebtedness" means (a) the Indebtedness evidenced by the Note, the First Note and the Second Note, (b) indebtedness existing as of the date hereof, (c) lease obligations and purchase money indebtedness of up to $50,000, in the aggregate, incurred in connection with the acquisition of capital assets and lease obligations with respect to newly acquired or leased assets, (d) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to the Company, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the period in which such Indebtedness is incurred and such Indebtedness is outstanding only during such period, (e) Indebtedness incurred in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called "procurement cards" or "P-cards") or other similar cash management services, in each case, incurred in the ordinary course of business, (g) advances made in connection with purchases of goods or services in the ordinary course of business; and (i) unsecured indebtedness that is expressly subordinate to the Note pursuant to a written subordination agreement with the Purchaser that is acceptable to the Purchaser in its sole and absolute discretion.

"Permitted Lien" means the individual and collective reference to the following: (a) Liens for taxes, assessments and other governmental charges or levies not yet due or Liens for taxes, assessments and other governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Company) have been established in accordance with GAAP; (b) Liens imposed by law which were incurred in the ordinary course of the Company's business, such as carriers', warehousemen's and mechanics' Liens, statutory landlords' Liens, and other similar Liens arising in the ordinary course of the Company's business, and which (x) do not individually or in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Company or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing for the foreseeable future the forfeiture or sale of the property or asset subject to such Lien; (c) deposits and pledges of cash securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (ii) the performance of bids, tenders, leases, contracts (other than for the payment of money) and statutory obligations or (iii) obligations on surety or appeal bonds, but only to the extent such deposits or pledges are made or otherwise arise in the ordinary course of business and secure

obligations not past due; (d) easements, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (i) secure obligations for the payment of money or (ii) materially impair the value of such property or its use by the Company or any of its Subsidiaries in the normal conduct of such Person's business; (e) Liens securing the title and interest of a lessor or sublessor in and to personal property leased or subleased (other than through a capitalized lease), in each case extending only to such personal property;(f) rights of set-off or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business; and (g) Liens incurred in connection with Permitted Indebtedness incurred under clauses (a) and (b) thereunder.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of February 12, 2025 between the Company, and the original Holder, as amended, modified or supplemented from time to time in accordance with its terms.

"Qualified Offering" means an offering of equity or debt securities for gross proceeds to the Company of not less than $5.0 million.

"Registration Statement" means a registration statement covering the resale of the Conversion Shares by each Holder.

"Second Note" means the Amended and Restated Senior Secured Convertible Note due April 6, 2027 issued by the Company to the Holder in the original principal amount of $720,000.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 4(d)(ii).

"Subsidiary" shall have the meaning set forth in the Purchase Agreement.

"Trading Day" means a day on which the applicable Trading Market of the Company's common stock is open for business.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the NYSE MKT LLC, any trading platform maintained by OTC Markets, Inc., including, but not limited to, the OTCQX, OTCQB and Pink Open Markets.

"Transaction Documents" shall have the meaning set forth in the Purchase Agreement.

"True-Up Amount" shall have the meaning set forth in Section 4(d)(i).

"True-Up Date" shall have the meaning set forth in Section 4(d)(i).

Section 2. Interest.

a) Payment of Interest in Cash. No interest will accrue on this Note until the occurrence of an Event of Default.

b) Interest Calculations. Interest, if any, shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the occurrence of an Event of Default until

payment in full of the outstanding principal, together with all accrued and unpaid interest, liquidated damages and other amounts which may become due hereunder, has been made. Interest hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "Note Register").

c) Late Fee. In addition to all other amounts required to be paid to Holder hereunder, all overdue accrued and unpaid principal to be paid hereunder shall entail a late fee at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law (the "Late Fees") which shall accrue daily from the date such principal is due hereunder through and including the date of actual payment in full.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Voluntary Conversion. At any time after the Original Issue Date until this Note is no longer outstanding, this Note shall be convertible, in whole or in part, into shares of common stock of the Company (the "Common Stock") at the option of the Holder, at any time and from time to time (subject to the conversion limitations set forth in Section 4(c) hereof). The Holder shall effect conversions by delivering to the Company a Notice of Conversion, the form of which is attached hereto as Annex A (each, a "Notice of Conversion"), specifying therein the principal amount of this Note to be converted and the date on which such conversion shall be effected (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Note to the Company unless the entire principal amount of this Note, plus all accrued and unpaid interest thereon, has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion. The Holder and the Company shall maintain records showing the principal amount(s) converted and the date of such conversion(s). The Company may deliver an objection to any Notice of Conversion within 1 Business Day of delivery of such Notice of Conversion. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. The Holder, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.

b) Conversion Price. This Note shall be convertible at the option of the Holder into shares of common stock of the Company at a fixed conversion price equal to the lesser of (i) $0.03 and (ii) the closing price of the

Common Stock on the day prior to the date of original issuance hereof (as adjusted hereunder, the "Conversion Price").

c) Conversion Limitations. The Company shall not effect any conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Holder (together with the Holder's Affiliates, and any other person or entity acting as a group together with the Holder or any of the Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (A) conversion of the remaining, unconverted principal amount of this Note beneficially owned by the Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Notes) beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 4(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4(c) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which principal amount of this Note is convertible shall be in the sole discretion of the Holder, and the submission of a Notice of Conversion shall be deemed to be the Holder's determination of whether this Note may be converted (in relation to other securities owned by the Holder together with any Affiliates) and which principal amount of this Note is convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, the Holder will be deemed to represent to the Company each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(c), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Company's most recent periodic or annual report, as the case may be; (B) a more recent public announcement by the Company; or (C) a more recent notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Note held by the Holder. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 4(c), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Note held by the Holder and the Beneficial Ownership Limitation provisions of this Section 4(c) shall continue to apply. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(c) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes

or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

d) Mechanics of Conversion.

i. Conversion Shares Issuable Upon Conversion of Principal Amount. Subject to Section 4(d)(vi) and (vii), the number of Conversion Shares issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Note to be converted by (y) the Conversion Price.

ii. Delivery of Certificate Upon Conversion. Not later than two (2) Trading Days after any Conversion Date (the "Share Delivery Date"), the Company shall, at its expense, deliver, or cause to be delivered, to the Holder a certificate or certificates representing the Conversion Shares (or a book entry account statement from the Company's transfer agent representing the Conversion Shares), which, on or after the date on which (x) the resale of such Conversion Shares are covered by and such Conversion Shares may be sold pursuant to an effective Registration Statement or (y) such Conversion Shares may be sold under Rule 144 shall be free of restrictive legends and trading restrictions representing the number of Conversion Shares being acquired and sold, as the case may be, upon the conversion of this Note. All certificates (or account statements) evidencing a book-entry interest in the Conversion Shares required to be delivered by the Company under this Section 4(c) that do not bear a restrictive legend shall be delivered electronically through DTC or another established clearing corporation performing similar functions, unless the Company or its transfer agent does not have an account with DTC and/or is not participating in the DTC/FAST System, in which case the Company shall issue and deliver to the address as specified in such Notice of Conversion a certificate or certificates, registered in the name of the Holder or its designee, for the number of Conversion Shares to which the Holder shall be entitled. If the Conversion Shares are not being sold pursuant to an effective Registration Statement or under Rule 144, the Conversion Shares, including certificates (or account statements) evidencing a book-entry interest therein, shall be delivered to the Holder by the Company's transfer agent and shall bear a restrictive legend in the following form, as appropriate:

> "**THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES**."

iii. Failure to Deliver Certificates. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the second Trading Day after the Conversion Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such certificate or certificates, to rescind such Conversion, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return to the Common Stock certificates representing the principal amount of this Note unsuccessfully tendered for conversion to the Company.

iv. Obligation Absolute; Partial Liquidated Damages. If the Company fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(d)(ii) by the second Trading Day after the Conversion Date, the Company shall pay to such Holder, in cash, as liquidated damages and not as a penalty, of $1,000 for each Trading Day after such second Trading Day until such certificates are delivered. The Company's obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event a Holder of this Note shall elect to convert any or all of the outstanding principal amount hereof, the Company may not refuse conversion based on any claim that the Holder or any one associated or affiliated with the Holder of has been engaged in any violation of law, agreement or for any other reason, unless, an injunction from a court, on notice, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the principal amount of this Note outstanding, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of an injunction precluding the same, the Company shall issue Conversion Shares upon a properly noticed conversion. Nothing herein shall limit a Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 8 herein for the Company's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Holders from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

v. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Holder, if the Company fails for any reason to deliver to the Holder such certificate or certificates by the Share Delivery Date pursuant to Section 4(d)(ii), and if after such Share Delivery Date the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Company shall (A) pay in cash to the Holder (in addition to any other remedies available to or elected by the Holder) the amount by which (x) the Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Holder, either reissue (if surrendered) this Note in a principal amount equal to the principal amount of the attempted conversion or deliver to the Holder the number of shares of Common Stock that would have been issued if the Company had timely complied with its delivery requirements under Section 4(d)(ii). For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted conversion of this Note with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of $10,000 under clause (A) of the immediately preceding sentence, the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to

pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon conversion of this Note as required pursuant to the terms hereof.

vi. True-Up. If, after the sale of all of the shares of Common Stock received on a given conversion (the "True-Up Date"), the Holder shall have received (directly or indirectly) net proceeds (net of brokerage, legal opinion fees, and transfer agent fees ("Net Proceeds")), less than 100% of the amount of the Note which has been converted (the "True-Up Amount"), the Company shall add to the principal of this Note an amount equal to the True -Up Amount. This provision shall apply to any and all conversions under this Note. It is the intention of the parties that the Net Proceeds received by the Holder on any conversion of this Note are at least equal to the amount of this Note so converted, and no greater in the aggregate, than the amount of this Note so converted. Notwithstanding anything to the contrary herein, if the Holder ultimately receives Net Proceeds and additional principal issued and subsequently added to this Note, in the aggregate, in an amount in excess of the total principal amount of this Note, the Holder shall promptly remit to the Company an amount in cash or return the Note with principal amount equal to such excess.

vii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

viii. Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that, the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

ix. Public Information. As long as any Holder holds the Note or Common Stock, if the Company is not required to file reports pursuant to the Exchange Act, it will prepare and furnish to such Holder and make publicly available in accordance with Rule 144(c) such information as is required for such Holder to sell the Note and Common Stock under Rule 144. The Company further covenants that it will take such further action as any holder of the Note or Common Stock may reasonably request, all to the extent required from time to time to enable such Person to sell such Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

e) Reservation and Listing of Securities. At all times and as long as any Holder owns this Note, the Company shall take all action necessary (and/or reasonably requested by the Holder) to at all times have authorized, and reserved out of its authorized but unissued shares of Common Stock for the purpose of issuance to the Holder upon conversions on the Note, no less than three times (3x) the maximum number of Conversion Shares issuable pursuant to the conversion of this Note (the "Required Reserved Amount"). If at any time the number of shares of Common Stock authorized and reserved for issuance is not sufficient to meet the Required Reserved Amount, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares, including, without limitation, calling a special meeting of stockholders to authorize additional shares to meet the Company's obligations under this Note and the Transaction Documents, in the case of an insufficient number of authorized shares, obtain stockholder approval of an increase in such authorized number of shares, and voting the management shares of the Company in favor of an increase in the authorized

shares of the Company to ensure that the number of authorized shares is sufficient to meet the Required Reserved Amount. The Company shall initially reserve shares of Common Stock on its own books and records (the "Reserve") for the issuance of Conversion Shares and any other shares of Common Stock required to be issued by the Company to the Holder pursuant to the Transaction Documents, which initial reservation shall be authorized by the written consent of the Company's Board of Directors. From and after the date hereof through and including the date all of the Company's and each of its Subsidiaries' Indebtedness and all other obligations owed to the Holder pursuant to this Note and the other Transaction Documents, is paid and performed in full, confirmation of which must be obtained by in writing from the Holder, the Company shall (a) issue or cause its Transfer Agent to issue the shares received on conversion and all other shares of Common Stock required to be issued to such Holder or its broker only (subject to the immediately following clause (b)) only from the Reserve (provided if the Reserve does not have the requisite number of shares of Common Stock, shares of Common Stock may be issued from other sources), (b) refrain from issuing or causing its Transfer Agent to issue shares of Common Stock to such Holder or its broker under the Notes from sources other than the Reserve, unless such Holder delivers to the Company written pre-approval of such issuance from such source(s) or there is not sufficient shares of Common Stock in the Reserve, and (c) not reduce the Reserve under any circumstances, unless such Holder delivers to the Company written pre-approval of such reduction. The Company shall immediately add shares of Common Stock to the Reserve to ensure that the Required Reserve Amount are in the Reserve at all times. The Company shall increase the amount of shares of Common Stock in the Reserve upon receipt of written notice, which may be in email form, by such Holder (and/or its assigns) in order to ensure that the Reserve contains the Required Reserve Amount and/or at any time the number of shares in the Reserve is less than the Required Reserve Amount. Notwithstanding anything to the contrary provided herein or elsewhere, if at any time the number of shares of Common Stock in the Reserve is less than the Required Reserved Amount, such Holder may send written notice to the Company's then Transfer Agent to increase the Reserve out of the Company's authorized but unissued shares of Common Stock in such number of additional shares of Common Stock so the Reserve consists of at least the Required Reserve Amount, provided, that the number of shares of Common Stock in the Reserve shall never be decreased or used for any other purposes other than for issue to the Holder hereof upon each conversion by such Holder of this Note.

Section 5. Certain Adjustments.

a) Fundamental Transaction. If, at any time while this Note is outstanding, (i) the Company effects a Fundamental Transaction, then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of 1 share of Common Stock (the "Alternate Consideration"). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of 1 share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of one share of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new Note consistent with the foregoing provisions and evidencing the Holder's right to convert such Note into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 5(a) and insuring that this Note (or any such replacement security) will be similarly adjusted upon any subsequent

transaction analogous to a Fundamental Transaction. For the avoidance of doubt, the terms of this Section 5(a) shall cease to apply in the event that this Note is paid in full pursuant to Section 6(d).

b) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

c) Notice to the Holder.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 5, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any holders of stockholders of the Company or shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be delivered to the Holder at its last address as it shall appear upon the Note Register, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert this Note during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice.

Section 6. Redemption.

a) Optional Redemption at Election of Company. Subject to the provisions of this Section 6(a), at any time after Original Issue Date and prior to the Maturity Date, the Company may, deliver a written notice to the Holder (an "Optional Redemption Notice" and the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its irrevocable election to redeem all of the then outstanding principal amount of this Note for cash in an amount equal to the Optional Redemption Amount on the 20th Trading Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date", and such redemption, the "Optional Redemption"). The Optional Redemption Amount is payable in full on the Optional Redemption Date.

b) Reserved.

c) Redemption Procedure. The payment of cash pursuant to an Optional Redemption shall be payable on the Optional Redemption Date, as applicable. If any portion of the payment pursuant to an Optional Redemption shall not be paid by the Company by the applicable due date, an Event of Default shall be deemed to have occurred under the Note.

(d) Mandatory Prepayment. The Company shall be required to offer to prepay in cash the aggregate outstanding (unconverted) principal amount of the Note at 100% of the outstanding (unconverted) principal amount thereof plus any unpaid accrued interest to the date of repayment (if applicable), upon the closing of the sale of all or substantially all of the consolidated assets of the Company or its Subsidiaries or upon a Change of Control, or on a Qualified Offering and on the Maturity Date. In addition, upon the Company's receipt of cash proceeds from the sale of any debt or equity securities other than Excluded Securities (even if not constituting a Qualified Offering), the Company shall offer to prepay in cash the aggregate principal amount of the Note at 100% of the principal amount thereof plus any accrued interest on the date of repayment (if applicable) with 25% of the net proceeds received by the Company of any of its Subsidiary from such offering of debt or equity securities (other than Excluded Securities). Such payment shall be made on the date of each of the events specified above and in each case the Company shall if practical have provided 20 days' notice to the Holder.

Section 7. Negative Covenants. As long as any portion of this Note remains outstanding, unless the Holder shall have otherwise given prior written consent, the Company shall not, and shall not permit any of its Subsidiaries (whether or not a Subsidiary on the Original Issue Date) to, directly or indirectly:

a) other than Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money of any kind, including, but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

b) other than Permitted Liens, enter into, create, incur, assume or suffer to exist any Liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

c) amend its charter documents, including, without limitation, its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder;

d) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or Common Stock Equivalents of the Company or its Subsidiaries other than repurchases of Common Stock or Common Stock Equivalents of Company departing officers and directors of the Company, provided that such repurchases shall not exceed an aggregate of $50,000 for all officers and directors during the term of this Note;

e) repay, repurchase or offer to repay, repurchase or otherwise acquire, or make any principal, interest or amortization payment on any Indebtedness, other than the Note;

f) pay cash dividends or distributions on any equity securities of the Company or its Subsidiaries;

g) enter into any transaction with any Affiliate or family member of an Affiliate of the Company which would be required to be disclosed in any public filing with the Commission (other than pursuant to agreements and transactions that are disclosed or filed in SEC Reports or registration statements as of the Original Issue Date), unless such transaction is expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval) or the aggregate amount involved is less than $50,000; or

h) enter into any agreement with respect to any of the foregoing.

Section 8. Events of Default.

a) "Event of Default" means, wherever used herein, the occurrence any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount (including amortization payments) of this Note or (B) interest, liquidated damages and other amounts owing to the Holder under this Note, as and when the same shall become due and payable (whether on Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within five days;

ii. the Company, any of its Subsidiaries shall fail to observe or perform any other covenant or agreement contained in this Note or any other Transaction Document which failure is not cured, if possible to cure, within the earlier to occur of (A) 10 days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) 20 days after the Company has become or should have become aware of such failure;

iii. a default or event of default (subject to any grace or cure period provided in the applicable agreement, document or instrument) shall occur and continue under any other material agreement, lease, document or instrument to which the Company or any Subsidiary is obligated (and not covered by clauses (ii) or (vi) of this Section (8)(a));

iv. any representation or warranty expressly made in this Note or any other Transaction Document, shall be untrue or incorrect in any material respect as of the date when made or deemed made;

v. the Company or any Subsidiary shall be subject to a Bankruptcy Event;

vi. the Company or any Subsidiary shall default on any of its obligations under any mortgage, credit agreement or other loan facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced, any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement that involves an obligation greater than $50,000, whether such indebtedness now exists or shall hereafter be created, and such default remains uncured after the lapse of any cure or grace period or otherwise results in acceleration of the obligations under the applicable agreement or instrument;

vii. the Common Stock shall not be eligible for listing or quotation for trading on the OTCQB or any Trading Market and shall not be eligible to resume listing or quotation for trading thereon within 30 days;

viii. the Company does not meet the current public information requirements of the Securities Act of 1934, as amended;

ix. any monetary judgment, writ or similar final process shall be entered or filed against the Company, any subsidiary, or any of their respective property or other assets for more than $50,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days; and

x. the Company fails for any reason to deliver certificates to the Holder prior to the tenth Trading Day after a Conversion Date pursuant to Section 4.

b) Remedies Upon Event of Default. If any Event of Default occurs, the outstanding principal amount of this Note, plus accrued but unpaid interest, liquidated damages and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election, immediately due and payable in cash at the Mandatory Default Amount. Commencing five days after the occurrence of any Event of Default that results in the eventual acceleration of this Note, interest on this Note shall accrue at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted under applicable law. Upon the payment in full of the Mandatory Default Amount, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 8(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 9. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Company at the address set forth above, or such other facsimile or electronic mail number or address as the Company may specify for such purpose by notice to the Holder delivered in accordance with this Section 9(a). Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile or electronic mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of the Holder appearing on the books of the Company, or if no such facsimile number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile or electronic mail at the facsimile number or email address, as applicable, specified on the signature page prior to 5:30 p.m. (New York City time), (ii) the date immediately following the date of transmission, if such notice or communication is delivered via facsimile or electronic mail at the facsimile number or email address, as applicable, specified on the signature page between 5:30 p.m. (New York City time) and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company.

c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings

concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the state of Delaware (the "Delaware Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the Delaware Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such Delaware Courts, or such Delaware Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If the Holder shall commence an action or proceeding to enforce any provisions of this Note, then it shall be reimbursed by the Company for its reasonable attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver; Amendment. Any waiver by the Company, or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company, or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver by the Company, or the Holder must be in writing. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of amendments, by the Company and the Holder or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought.

f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be due on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

i) Assumption. Any successor to the Company or any surviving entity in a Fundamental Transaction shall (i) assume all of the obligations of the Company under this Note and the other Transaction Documents pursuant to

written agreements in form and substance satisfactory to the Holder (such approval not to be unreasonably withheld or delayed) and (ii) issue to the Holder a new Note of such successor entity evidenced by a written instrument substantially similar in form and substance to this Note, including, without limitation, having a principal amount and interest rate equal to the principal amount and the interest rate of this Note and having similar ranking to this Note, which shall be satisfactory to the Holder (any such approval not to be unreasonably withheld or delayed). The provisions of this Section 9(i) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations of this Note.

j) Senior Secured Obligation. In each case pursuant to the Security Agreement, dated as of the date hereof between the Company, its Subsidiaries and the Holder, the Note will be senior to all obligations of the Company and its Subsidiaries (other than the First Note and the Second Note which shall be pari passu in right of payment with the Note). The Note will have a first lien (pari passu in right of payment with the First Note and the Second Note) on all of the current and future assets (including IP) of the Company and its Subsidiaries

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(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

CV Sciences, Inc.

By: _____

Name: Joseph Dowling

Title: Chief Executive Officer

Facsimile No. for delivery of Notices:

ANNEX A

NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the Senior Secured Convertible Note of CV Sciences, Inc., a Delaware corporation (the "Company"), due on July 6, 2027, into shares of common stock, of the Company (the "Common Stock"), according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

By the delivery of this Notice of Conversion the undersigned represents and warrants to the Company that its ownership of the Common Stock does not exceed the amounts determined in accordance with Section 13(d) of the Exchange Act, specified under Section 4(c) of this Note.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock.

Conversion calculations:

Date to Effect Conversion:

Principal Amount of Notes to be Converted:

Payment of Interest in Common Stock __ yes __ no

If yes, $_____of Interest Accrued on Account of Conversion at Issue.

Number of shares of Common Stock to be issued:

Signature:

Name:

Address:

Delivery Instructions:

Schedule 1

CONVERSION SCHEDULE

The Senior Secured Convertible Note due on July 6, 2027 is issued by CV Sciences, Inc., a Delaware corporation. This Conversion Schedule reflects conversions made under Section 4 of the above referenced Note.

Dated:

Date of Conversion (or for first entry, Original Issue Date)	Amount of Conversion	Aggregate Principal Amount Remaining Subsequent To Conversion (or original Principal Amount)

Exhibit 31.1

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

I, Joseph D. Dowling, Chief Executive Officer of CV Sciences, Inc. (the "Company") certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of the Company;

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

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

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

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

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

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

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

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

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

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

Dated: November 12, 2026

By: /s/ Joseph D. Dowling

Joseph D. Dowling
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Joerg Grasser, Chief Financial Officer of CV Sciences, Inc. (the "Company") certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of the Company;

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

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

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

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

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

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

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

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

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

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

Dated: November 12, 2026

By: /s/ Joerg Grasser

Joerg Grasser
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CV Sciences, Inc. (the "Registrant") on Form 10-Q for the quarter ended September 30, 2026 (the "Report"), I, Joseph D. Dowling, Chief Executive Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: November 12, 2026

By: /s/ Joseph D. Dowling

Joseph D. Dowling
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CV Sciences, Inc. (the "Registrant") on Form 10-Q for the quarter ended September 30, 2026 (the "Report"), I, Joerg Grasser, Chief Financial Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: November 12, 2026

By: /s/ Joerg Grasser

Joerg Grasser
Chief Financial Officer
(Principal Financial Officer)