

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

FORM 10-Q

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

For the quarterly period ended **September 30, 2025**

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

Commission File Number: 001-41371

EDIBLE GARDEN AG INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

85-0558704

(I.R.S. Employer Identification No.)

283 County Road 519

Belvidere, NJ 07823

(Address of principal executive offices) (Zip Code)

(908) 750-3953

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	EDBL	The Nasdaq Stock Market LLC
Warrants to purchase Common Stock	EDBLW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes X 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 X 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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	X	Smaller reporting company	X
		Emerging growth company	X

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 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 X

As of November 10, 2025, the registrant had 5,126,655 shares of Common Stock, \$0.0001 par value per share, outstanding.

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EDIBLE GARDEN AG INCORPORATED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except shares and par value)

	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
ASSETS		
Current assets:		
Cash	\$ 828	\$ 3,530
Accounts receivable, net	1,661	1,968
Inventory, net	1,718	1,544
Prepaid expenses and other current assets	649	335
	<u>4,856</u>	<u>7,377</u>
Property, equipment and leasehold improvements, net	10,648	3,145
Operating lease right-of-use assets	4,205	1,202
Finance lease right-of-use assets	81	114
Intangible assets, net	308	43
Other assets	34	34
	<u>\$ 20,132</u>	<u>\$ 11,915</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Accounts payable and other accrued expenses	\$ 3,699	\$ 4,018
Current maturities of operating lease liabilities	223	212
Current maturities of finance lease liabilities	44	41
Short-term debt, net of discounts	2,059	1,939
Derivative liability	79	-
	<u>6,104</u>	<u>6,210</u>
Total current liabilities	<u>6,104</u>	<u>6,210</u>
Long-term liabilities:		
Long-term debt, net of discounts	239	544
Long-term operating lease liabilities	824	992
Long-term finance lease liabilities	42	75
	<u>1,105</u>	<u>1,611</u>
Total long-term liabilities	<u>1,105</u>	<u>1,611</u>
Total liabilities	<u>7,209</u>	<u>7,821</u>
COMMITMENTS AND CONTINGENCIES (Note 13)		
STOCKHOLDERS' EQUITY:		
Common stock (\$0.0001 par value, 100,000,000 shares authorized, 3,083,899 and 1,065,402 shares outstanding as of September 30, 2025 and December 31, 2024, respectively) ⁽¹⁾	-	-
Preferred stock (\$0.0001 par value, 10,000,000 shares authorized, 15,154 and no shares outstanding as of September 30, 2025 and December 31, 2024, respectively)	15,154	-
Additional paid-in capital	50,492	44,946
Obligation to issue shares	-	459
Accumulated deficit	(52,723)	(41,311)
	<u>12,923</u>	<u>4,094</u>
Total stockholders' equity	<u>12,923</u>	<u>4,094</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 20,132</u>	<u>\$ 11,915</u>

(1) Adjusted to reflect the stock splits as described in Note 1.

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

EDIBLE GARDEN AG INCORPORATED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per-share information)

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenue	\$ 2,817	\$ 2,584	\$ 8,681	\$ 9,985
Cost of goods sold	2,544	1,885	7,686	7,696
Gross profit	273	699	995	2,289
Selling, general and administrative expenses	3,831	2,189	11,073	8,823
Gain on sale of asset	-	-	(1)	-
Loss from operations	(3,558)	(1,490)	(10,077)	(6,534)
Other income (expenses)				
Interest expense, net	(387)	(409)	(1,216)	(944)
Gain (Loss) from extinguishment of debt	(109)	(164)	(223)	(498)
Other income / (loss)	-	-	95	4
Gain on change in derivative liability	9	-	9	-
Total other income (expenses)	(487)	(573)	(1,335)	(1,438)
NET LOSS	\$ (4,045)	\$ (2,063)	\$ (11,412)	\$ (7,972)
Deemed dividend on warrants	-	-	(9,833)	-
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (4,045)	\$ (2,063)	\$ (21,245)	\$ (7,972)
Net Income / (Loss) per common share - basic and diluted ⁽¹⁾	\$ (1.38)	\$ (16.32)	\$ (9.95)	\$ (118.25)
Weighted-Average Number of Common Shares Outstanding – Basic and Diluted ⁽¹⁾	2,934,311	126,416	2,134,797	67,416

⁽¹⁾ Adjusted to reflect the stock splits as described in Note 1.

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

EDIBLE GARDEN AG INCORPORATED
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

(In thousands, except for shares)⁽¹⁾

	Common Stock		Series B Preferred Stock		Additional Paid-In Capital	Obligation to Issue Shares	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance at June 30, 2025	2,828,661	\$ -	-	\$ -	\$ 50,270	\$ -	\$ (48,678)	\$ 1,592
Reclassification of Series B preferred stock from temporary to permanent equity in connection with restated certificate of designation (Note 9)	-	-	15,000	15,000	-	-	-	15,000
Series B preferred stock issued as payment of preferred return	-	-	154	154	-	-	-	154
Issuances of common stock for warrant exercises	94,118	-	-	-	-	-	-	-
Sale of common stock pursuant to Equity Distribution Agreement, net of fees	161,120	-	-	-	527	-	-	527
Issuances of common stock for services	-	-	-	-	-	-	-	-
Accrued preferred return on preferred stock	-	-	-	-	(305)	-	-	(305)
Net Loss	-	-	-	-	-	-	(4,045)	(4,045)
Balance at September 30, 2025	3,083,899	\$ -	15,154	\$ 15,154	\$ 50,492	\$ -	\$ (52,723)	\$ 12,923
	Common Stock		Series B Preferred Stock		Additional Paid-In Capital	Obligation to Issue Shares	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance at June 30, 2024	126,416	\$ 1	-	\$ -	\$ 36,679	\$ -	\$ (36,169)	\$ 511
Issuance of common stock and warrants in public offering, net of expenses	120,959	-	-	-	4,619	176	-	4,795
Exercise of common stock warrants	1,760	-	-	-	-	15	-	15
Net Loss	-	-	-	-	-	-	(2,063)	(2,063)
Balance at September 30, 2024	249,135	\$ 1	-	\$ -	\$ 41,298	\$ 191	\$ (38,232)	\$ 3,258

(1) Adjusted to reflect the stock splits as described in Note 1.

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

EDIBLE GARDEN AG INCORPORATED
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(In thousands, except for shares)⁽¹⁾

	Common Stock		Series B Preferred Stock		Additional Paid-In Capital	Obligation to Issue Shares	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	1,065,402	\$ -	-	\$ -	\$ 44,946	\$ 459	\$ (41,311)	\$ 4,094
Reclassification of Series B preferred stock from temporary to permanent equity in connection with restated certificate of designation (Note 9)	-	-	15,000	15,000	-	-	-	15,000
Series B preferred stock issued as payment of preferred return	-	-	154	154	(154)	-	-	-
Issuances of common stock for warrant exercises	1,149,800	-	-	-	3,720	(459)	-	3,261
Sale of common stock pursuant to Equity Distribution Agreement, net of fees	774,579	-	-	-	2,285	-	-	2,285
Issuances of common stock for services	94,118	-	-	-	-	-	-	-
Accrued preferred return on preferred stock	-	-	-	-	(305)	-	-	(305)
Net Loss	-	-	-	-	-	-	(11,412)	(11,412)
Balance at September 30, 2025	3,083,899	\$ -	15,154	\$ 15,154	\$ 50,492	\$ -	\$ (52,723)	\$ 12,923

	Common Stock		Series B Preferred Stock		Additional Paid-In Capital	Obligation to Issue Shares	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2023	11,411	\$ 1	-	\$ -	\$ 29,971	\$ -	\$ (30,260)	\$ (288)
Issuance of common stock and warrants in public offerings, net of expenses	218,440	-	-	-	10,117	176	-	10,293
Exercises of common stock warrants	8,720	-	-	-	-	15	-	15
Sale of common stock pursuant to Equity Distribution Agreement, net of fees	7,268	-	-	-	1,147	-	-	1,147
Issuance of common stock as payment of severance	140	-	-	-	25	-	-	25
Issuance of common stock to employees and consultants	240	-	-	-	38	-	-	38
Issuance of common stock to round up shares due to stock split	2,916	-	-	-	-	-	-	-
Net Loss	-	-	-	-	-	-	(7,972)	(7,972)
Balance at September 30, 2024	249,135	\$ 1	-	\$ -	\$ 41,298	\$ 191	\$ (38,232)	\$ 3,258

(1) Adjusted to reflect the stock splits as described in Note 1.

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

EDIBLE GARDEN AG INCORPORATED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (11,412)	\$ (7,972)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	519	23
Depreciation and amortization	1,267	818
Amortization of operating lease right of use asset	530	34
Amortization of debt discount	1,156	62
Gain on sale of asset	(1)	-
(Gain) / Loss on extinguishment of debt	223	498
Gain on change in derivative liability	(9)	-
Stock-based compensation	-	38
Stock issued for payment of severance	-	25
Other non-cash expenses	-	2
Change in operating assets and liabilities:		
Accounts receivable	(213)	(439)
Inventory	(174)	(759)
Prepaid expenses and other current assets	(314)	57
Accounts payable and accrued expenses	(556)	886
Operating lease liabilities	(158)	(34)
NET CASH USED IN OPERATING ACTIVITIES	(9,142)	(6,761)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and leasehold improvements	(542)	(177)
Proceed from sale of asset	11	-
NET CASH USED IN INVESTING ACTIVITIES	(531)	(177)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	3,551	2,453
Payments of debt principal	(5,096)	(5,237)
Payment of debt issuance costs	-	(138)
Proceeds from sale of preferred stock	3,000	-
Proceeds from sales of common stock from Equity Distribution Agreement	2,286	1,187
Payment of commissions related to sale of common stock	-	(45)
Proceeds from common stock and warrants issued in public offering	-	11,551
Payment of costs related to public offerings and warrant exchanges	-	(1,133)
Proceeds from common stock warrant exercises	3,261	15
Principal payments on finance lease liabilities	(31)	(11)
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,971	8,642
NET CHANGE IN CASH	(2,702)	1,704
Cash at beginning of period	3,530	510
CASH AT END OF PERIOD	\$ 828	\$ 2,214
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:		
Cash paid for interest	\$ 73	\$ 820
SUPPLEMENTAL DISCLOSURE FOR NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of Series B preferred stock from temporary to permanent equity	\$ 15,000	\$ -
Assets acquired through issuing preferred stock	\$ 12,000	\$ -
Issuance of common stock for warrant exercise	\$ 459	\$ -
Accrual of preferred return on preferred stock	\$ 305	\$ -
Issuance of preferred stock to settle preferred return payable	\$ 154	\$ -
Discount on note payable related to embedded derivative	\$ 88	\$ -
Lease liabilities arising from obtaining right-of-use assets	\$ -	\$ 136
Unpaid stock issuance costs	\$ -	\$ 124
Directors & Officers insurance policy purchased with financing	\$ -	\$ 75

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

EDIBLE GARDEN AG INCORPORATED
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION, NATURE OF BUSINESS, AND BASIS OF PRESENTATION

Organization and Recent Developments

Edible Garden Corp., a Nevada corporation, was incorporated on April 9, 2013. On March 28, 2020, Edible Garden Inc., a Wyoming corporation, was incorporated for the purpose of acquiring substantially all of the operating assets of Edible Garden Corp., which was a separately identified reportable segment of its parent company Blum Holdings, Inc. (formerly known as Terra Tech Corporation). The acquisition was completed on March 30, 2020. Prior to March 30, 2020, Edible Garden AG Incorporated had no operations. Hereafter, Edible Garden AG Incorporated and its subsidiaries will collectively be referred to as "Edible Garden," "we," "us," "our," or the "Successor." Edible Garden Corp., a wholly owned subsidiary of Blum Holdings, Inc. will be referred to as the "Predecessor." Throughout these financial statements, the Successor and the Predecessor are also referred to as "the Company" and used interchangeably, unless otherwise noted. On October 1, 2024, the Company acquired the Predecessor for the nominal price of \$1.00. See Note 11, "Leases" for additional information.

The Company authorized 100,000 shares of common stock, par value \$0.0001 per share ("common stock"), at formation. On October 14, 2020, we simultaneously declared a 20-for-1 forward stock split of our common stock and increased the number of authorized common shares to 20,000,000. On June 30, 2021, we simultaneously (1) converted Edible Garden from a Wyoming corporation into a Delaware corporation, (2) declared a 1-for-2 reverse stock split of our common stock, and (3) increased the total number of authorized common shares to 50,000,000. On September 8, 2021, we simultaneously declared a 20-for-1 forward stock split of our common stock and increased the number of authorized common shares to 200,000,000. On January 18, 2022, the Company's board of directors and stockholders approved a 1-for-5 reverse stock split of its outstanding common stock, which became effective on May 3, 2022. On January 26, 2023, we effected a reverse stock split of 1-for-30 and decreased the total number of authorized common shares to 6,666,667. On June 8, 2023, we increased the number of authorized shares of common stock from 6,666,667 shares to 10,000,000 shares.

On November 10, 2023, we increased the total number of authorized shares of capital stock of the Company from 20,000,000 to 110,000,000 and increased the total authorized shares of common stock from 10,000,000 shares to 100,000,000 shares. On April 5, 2024, we declared a 1-for-20 reverse stock split of our outstanding common stock and on March 3, 2025, we declared a 1-for-25 reverse stock split of our outstanding common stock. The conversion or exercise prices of our issued and outstanding warrants were adjusted in connection with the reverse stock split.

All historical share and per share amounts reflected throughout this report have been adjusted to reflect the stock splits described above.

Nature of Business

Edible Garden is a retail seller of locally grown hydroponic produce, nutraceuticals and hot sauce, which is distributed throughout the Northeast and Midwest. Currently, Edible Garden's products are sold at over 5,000 supermarkets. Our target customers are those individuals seeking fresh produce locally grown using environmentally sustainable methods.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the Securities and Exchange Commission ("SEC") pursuant to Section 13 or 15(d) under the Securities Exchange Act of 1934. The December 31, 2024 balances reported herein are derived from the audited consolidated financial statements for the year ended December 31, 2024. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the Company's unaudited condensed consolidated financial position as of September 30, 2025, the Company's audited condensed consolidated financial position as of December 31, 2024, the unaudited condensed consolidated results of operations for the three and nine months ended September 30, 2025 and 2024, and the unaudited statement of cash flows for the nine months ended September 30, 2025 and 2024 have been included.

Going Concern

The accompanying financial statements have been prepared assuming that we will continue as a going concern. In an effort to achieve liquidity that would be sufficient to meet all of our commitments, the Company may seek funding through additional debt or equity financing arrangements, implement incremental expense reduction measures or a combination thereof to continue financing its operations.

However, we believe that even after taking these actions, we will not have sufficient liquidity to satisfy all of our future financial obligations. The risks and uncertainties surrounding our ability to continue our business with limited capital resources indicate that substantial doubt exists as to our ability to continue as a going concern. See Note 14, "Going Concern" for additional information.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Pronouncements to Be Adopted in Future Periods

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*. The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted. We are currently evaluating the impact of this ASU and expect to adopt this ASU for the year ending December 31, 2025.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires public business entities to disclose, for interim and annual reporting periods, additional information about certain income statement expense categories. The requirements are effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. Entities are permitted to apply either the prospective or retrospective transition methods. We are currently evaluating the impact that the adoption of this ASU will have on our consolidated financial statements.

Use of Estimates

The preparation of the condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reported period. Changes in these estimates and assumptions may have a material impact on the condensed consolidated financial statements and accompanying notes.

Examples of significant estimates and assumptions include allowance for credit losses, net realizable value of inventory, accrued liabilities, discount rates used in the measurement and recognition of lease liabilities, recurring fair value measurements, and the fair value of property and equipment acquired, and the fair value of the associated preferred stock issued, in the Natural Shrimp Acquisition. These estimates generally involve complex issues and require us to make judgments, involving an analysis of historical and future trends, that can require extended periods of time to resolve, and are subject to change from period to period. In all cases, actual results could differ materially from our estimates.

Trade and Other Receivables

The Company extends non-interest-bearing trade credit to its customers in the ordinary course of business which is not collateralized. Accounts receivable are shown on the face of the consolidated balance sheets net of an allowance. The Company analyzes the aging of accounts receivable, historical bad debts, customer creditworthiness and current and expected future economic trends, in determining the allowance. The Company does not accrue interest receivable on past due accounts receivable. The reserve for credit losses was \$413,329 and \$202,622 as of September 30, 2025 and December 31, 2024, respectively.

Concentration of Credit Risk

During the nine months ended September 30, 2025 and 2024, four customers accounted for approximately 81.9% and five customers accounted for 85.0% of our total revenue, respectively. As of September 30, 2025, approximately 70.6% of our gross outstanding trade receivables were attributed to three customers. As of December 31, 2024, approximately 87.5% of our gross outstanding trade receivables were attributed to four customers, 45.6% of which was due from one customer.

This concentration of customers leaves us exposed to the risks associated with the loss of one or more of these significant customers, which would materially and adversely affect our revenues and results of operations.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1 – Observable inputs that reflect quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The only financial instrument measured at fair value on a recurring basis is the embedded derivative, see Note 8, "Notes Payable", for further disclosure.

Inventory

We value our inventory at the lower of the actual cost of our inventory, as determined using the first-in, first-out method, or its net realizable value. We periodically review our physical inventory for excess, obsolete, and potentially impaired items and reserve accordingly. Our reserve estimate for excess and obsolete inventory is based on expected future use. Our reserve estimates have historically been consistent with our actual experience as evidenced by actual sale or disposal of the goods. The reserve for excess and obsolete inventory was not material as of September 30, 2025 and December 31, 2024.

Prepaid Expenses and Other Current Assets

Prepaid expenses consist of various payments that the Company has made in advance for goods or services to be received in the future. These prepaid expenses include advertising, insurance, and service or other contracts requiring up-front payments.

On March 4, 2025, the Company announced the pursuit of acquiring Narayan d.o.o and its subsidiaries (the "Narayan Group"), a sustainable food producer based in Slovenia with operations in Europe and Asia. In connection with the proposed transaction, on February 12, 2025, the Company advanced the Narayan Group \$193,200 to support its operations and the Narayan Group issued a promissory note in favor of us in the principal amount of \$190,000. On February 19, 2025, the Company agreed to advance Narayan Group an additional \$199,060 that was to be paid in weekly installments and the Narayan Group issued a promissory note in favor of the Company in the principal amount of \$199,060 (the "second promissory note"). On June 3, 2025, the Company announced the decision not to proceed with the transaction contemplated under the letter of intent to purchase outstanding shares of Narayan Group and negotiations ceased. Prior to the Company's decision not to proceed with the transaction, the Company had advanced the Narayan Group \$100,000 under the second promissory note. The promissory notes accrued interest at a rate of 6.0% per annum until June 30, 2025, after which interest accrued at a rate of 10.0% per annum because the parties did not enter into a definitive agreement with respect to the proposed transaction. The Narayan Group is obligated to pay the outstanding principal and accrued interest in 12 equal monthly installments beginning on July 1, 2025; however, Narayan Group has not yet made any of the required payments. We have assessed the likelihood of collections to be remote and as such have fully reserved the note receivable.

Property, Equipment and Leasehold Improvements, Net

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Company's leasehold improvements, equipment and vehicles, have useful lives of five years. Land has indefinite useful life, and construction in progress has no useful life until the asset is available for use.

Expenditures for major renewals and improvements are capitalized, while minor replacements, maintenance and repairs, which do not extend the asset lives, are charged to operations as incurred. Upon sale or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The Company continually monitors events and changes in circumstances that could indicate that the carrying balances of its property, equipment and leasehold improvements may not be recoverable in accordance with the provisions of Accounting Standards Codification ("ASC") 360, "Property, Plant, and Equipment." When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. See Note 5, "Property, Equipment and Leasehold Improvements, Net" for further information.

Intangible Assets

Intangible assets continue to be subject to amortization, and any impairment is determined in accordance with ASC 360, "Property, Plant, and Equipment." Intangible assets are stated at historical cost and amortized over their estimated useful lives. The Company uses a straight-line method of amortization, unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up can be reliably determined.

The Company reviews intangible assets subject to amortization quarterly to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in the remaining useful life. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset, a product recall, or an adverse action or assessment by a regulator. If an impairment indicator exists, we test the intangible asset for recoverability. For purposes of the recoverability test, we group our amortizable intangible assets with other assets and liabilities at the lowest level of identifiable cash flows if the intangible asset does not generate cash flows independent of other assets and liabilities. If the carrying value of the intangible asset (asset group) exceeds the undiscounted cash flows expected to result from the use and eventual disposition of the intangible asset (asset group), the Company will write the carrying value down to the fair value in the period the impairment is identified.

Revenue Recognition and Performance Obligations

Revenues are recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company does not offer returns, discounts, loyalty programs or other sales incentive programs that are material to revenue recognition. Payments from our customers are due upon delivery or within a short period after delivery.

Disaggregation of Revenue

The following table includes revenue disaggregated by revenue stream for the three and nine months ended September 30, 2025 and 2024:

	(in thousands)			
	Three Months Ended,		Nine Months Ended,	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Herbs, Produce & Floral	\$ 2,431	\$ 2,278	\$ 7,864	\$ 8,867
Vitamins and Supplements	386	306	817	1,118
Total	\$ 2,817	\$ 2,584	\$ 8,681	\$ 9,985

Contract Balances

Due to the nature of the Company's revenue from contracts with customers, the Company does not have material contract assets or liabilities that fall under the scope of ASC Topic 606.

Contract Estimates and Judgments

On January 1, 2024, the Company and Meijer Distribution, Inc. (the "Buyer") entered into two agreements pursuant to which the Company will supply and sell products to Buyer (the "Agreements"). Under the Agreements, the Company sells (i) fresh cut herbs, including basil, bay leaves, chives, cilantro, dill, mint, oregano, rosemary, sage, thyme; (ii) hydroponic basil; and (iii) potted herbs, including basil, chives, cilantro, mint, oregano, parsley, rosemary, sage, thyme, wheatgrass; in quantities and on a delivery schedule requested by the Buyer at prices per unit set in advance by the Company and the Buyer. Under the Agreements, the Company and the Buyer will renegotiate the prices for each unit annually, provided that the price per unit will not increase or decrease at a rate greater than the change in the relevant Consumer Price Index in that year. Once set, the pricing terms will remain fixed for the remainder of the year. Any price increases will take effect after sixty days and any price decrease will be effective immediately. If the Company and the Buyer are unable to mutually agree on price increases, the Company will have the power to terminate the Agreements immediately.

In addition, under the agreement governing the purchase of potted herbs, the Company agreed to fund the installation of fixtures in each of the Buyer's stores to display the potted herbs in an aggregate amount estimated to be approximately \$806,947. These payments are made as a weekly deduction from the Company's receivables from the Buyer.

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The Agreements became effective as of January 1, 2024 and expire on December 31, 2026. The Agreements may be renewed for an additional two-year term upon the mutual agreement of the Company and the Buyer. The Agreements may be terminated by the Buyer without cause upon sixty days' prior notice.

Management has determined the payments for the fixtures should be treated as a reduction in revenue under the guidance of ASC 606. As we do not expect the agreement to be terminated before the end of the three-year term, the aggregate cost of the fixtures of approximately \$806,947 was treated as a reduction in the transaction price of products sold to the Buyer during the three-year term of the contract.

Cost of Goods Sold

Cost of goods sold includes materials, labor and overhead costs incurred in cultivating, producing, and shipping our products.

Advertising Expenses

The Company expenses advertising costs as incurred in accordance with ASC 720-35, "Other Expenses – Advertising Cost." During the nine months ended September 30, 2025 and 2024, advertising expenses totaled \$138,806 and \$149,886, respectively.

Loss Per Common Share

In accordance with the provisions of ASC 260, "Earnings Per Share," net loss per share is computed by dividing net loss by the weighted-average shares of common stock outstanding during the period. During a loss period, the effect of the potential exercise of stock options, warrants, convertible preferred stock, and convertible debt are not considered in the diluted loss per share calculation since the effect would be anti-dilutive. The results of operations were a net loss for the three and nine months ended September 30, 2025 and 2024. Therefore, the basic and diluted weighted-average shares of common stock outstanding were the same for all periods. Diluted earnings per share for the three and nine months ended September 30, 2025 and 2024 excluded warrants to purchase 2,743,937 and 1,970,737 shares of common stock, respectively, because their effects were anti-dilutive.

Income Taxes

The provision for income taxes is determined in accordance with ASC 740, "Income Taxes." The Company files a consolidated United States federal income tax return. The Company provides for income taxes based on enacted tax law and statutory tax rates at which items of income and expense are expected to be settled in our income tax return. Certain items of revenue and expense are reported for Federal income tax purposes in different periods than for financial reporting purposes, thereby resulting in deferred income taxes. Deferred income taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has incurred net operating losses for financial-reporting and tax-reporting purposes. At September 30, 2025 and December 31, 2024, such net operating losses were offset entirely by a valuation allowance.

The Company recognizes uncertain tax positions based on a benefit recognition model. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50.0% likely of being ultimately realized upon settlement. The tax position is derecognized when it is no longer more likely than not of being sustained. The Company classifies income tax-related interest and penalties as interest expense and selling, general and administrative expense, respectively, on the condensed consolidated statements of operations.

Out-of-Period Adjustments

During the nine months ended September 30, 2025, the Company recorded the following out-of-period adjustments: a) an adjustment that resulted in increased cost of goods sold of \$90,768 and operating expenses of \$192,497 reflected in the unaudited condensed consolidated statement of operations that were recorded during the three months ended March 31, 2025 but belonged to the year ended December 31, 2024, b) an adjustment that increased cost of goods sold by \$135,360 and operating expenses by \$133,422 was reflected in the unaudited condensed consolidated statement of operations for the three months ended September 30, 2025, but these amounts belonged to the quarter ended June 30, 2025. The Company evaluated the quantitative and qualitative aspects of this out of period adjustment and determined that the adjustment did not have a material impact to any previously reported quarterly or annual financial statements

Segment Reporting

The Company is not organized by multiple operating segments for the purpose of making operating decisions or assessing performance. Accordingly, the Company operates in one operating segment. The Company's chief operating decision maker ("CODM") consists of the Chief Executive Officer and its Interim Chief Financial Officer. Management believes that its business operates as one segment because: a) CODM evaluates profit and loss of the Company as a whole; b) the CODM does not review information based on any operating segment; c) the Company does not maintain discrete financial information on any specific segment; d) the Company has not chosen to organize its business around different products and services, and e) the Company has not chosen to organize its business around geographic areas. Accordingly, all amounts required to be disclosed under ASC 280 are included in the financial statements. The measure of segment profit/loss, measure of segment assets, and significant segment expenses that are regularly provided to the chief operating decision maker are shown individually in the statements of operations and balance sheets

NOTE 3 – SELECTED CURRENT ASSET ACCOUNTS*Prepaid expenses and other current assets*

The following table summarizes prepaid expenses and other current assets as of September 30, 2025 and December 31, 2024:

	(in thousands)	
	September 30, 2025	December 31, 2024
Prepaid insurance	\$ 485	\$ 30
Other prepaid expenses	140	34
Vendor prepayment	24	271
Total prepaid expenses and other current assets	\$ 649	\$ 335

Inventory

The following table summarizes inventory as of September 30, 2025 and December 31, 2024:

	(in thousands)	
	September 30, 2025	December 31, 2024
Raw materials	\$ 755	\$ 1,000
Work-in-progress	963	517
Finished goods	-	27
Total inventory	\$ 1,718	\$ 1,544

NOTE 4 – NATURALSHRIMP ACQUISITION

On May 14, 2025, the Company entered into an asset purchase agreement (the "APA") with NaturalShrimp Farms Inc. ("NaturalShrimp") and Streeterville Capital, LLC ("Streeterville") and completed the purchase of certain sustainable aquaculture assets located in Fort Dodge, Iowa. The total purchase price of the acquired assets was \$12,000,000. As consideration for the purchase, the Company issued 12,000 shares of Series B Preferred Stock, par value \$0.0001 per share ("Series B Preferred Stock"), at a stated value of \$1,000 per share, to Streeterville as the sole shareholder of NaturalShrimp.

The following is a purchase price allocation as of the acquisition date:

	Acquisition Date Fair Value
Furniture and equipment	\$ 8,005
Vehicles	187
Favorable contracts	3,533
Intellectual property	275
Total consideration	\$ 12,000

The Company entered into a favorable contract or lease agreement of a 281,733 square foot property located in Webster City, Iowa with Iowa Shrimp Holdings, LLC, an affiliate of the NaturalShrimp and Streeterville for 12 months and three-one year extension options. The fair value of \$3,532,749 was determined by using the discounted cash flow method. The key assumptions used were the market rent rate of \$4 per square foot, which equates to \$1,126,925 annually in excess of contractual rent and the lease term of 4 years.

NOTE 5 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

The following table summarizes property, equipment and leasehold improvements as of September 30, 2025 and December 31, 2024:

a	(in thousands)	
	September 30, 2025	December 31, 2024
Furniture and equipment	9,465	1,330
Computer hardware	10	10
Leasehold improvements	3,172	3,134
Vehicles	634	456
Land	202	202
Construction in progress	759	410
Subtotal	14,242	5,542
Less accumulated depreciation	(3,594)	(2,397)
Property, equipment and leasehold improvements, net	\$ 10,648	\$ 3,145

Depreciation expense related to property, equipment and leasehold improvements for the nine months ended September 30, 2025 and 2024 was \$1,223,348 and \$804,431, respectively.

NOTE 6 – INTANGIBLE ASSETS

The following table summarizes intangible assets as of September 30, 2025 and December 31, 2024:

	Estimated Useful Life in Years	(in thousands)		
		September 30, 2025		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizing Intangible Assets:				
Intellectual property	15	275	(8)	267
Pulp brand recipes	15	\$ 50	(9)	41
Non-compete agreement	2	62	(62)	-
Total Intangible Assets, net		\$ 387	\$ (79)	\$ 308

	Estimated Useful Life in Years	(in thousands)		
		December 31, 2024		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizing Intangible Assets:				
Pulp brand recipes	15	50	(7)	\$ 43
Non-compete agreement	2	62	(62)	-
		\$ 112	\$ (69)	\$ 43

Amortization expense for the nine months ended September 30, 2025 and 2024 was \$10,125 and \$2,500, respectively. Annual amortization expense for the three months ending December 31, 2025 and for each of the next four years, and thereafter is as follows:

	(in thousands)
	December 31,
2025 (remaining)	\$ 5
2026	22
2027	22
2028	22
2029	22
Thereafter	215
Total	308

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table summarizes accounts payable and accrued expenses as of September 30, 2025 and December 31, 2024:

	(in thousands)	
	September 30, 2025	December 31, 2024
Accounts payable	\$ 1,926	\$ 2,290
Accrued interest payable	-	1
Accrued payroll	309	302
Accrued severance	-	75
Accrued vacation	90	133
Accrued transaction expenses	-	177
Accrued preferred return on preferred stock	306	-
Other accrued expenses	203	175
Employee retention credit funds	865	865
Total Accounts Payable and Accrued Expenses	\$ 3,699	\$ 4,018

NOTE 8 – NOTES PAYABLE

The following table summarizes notes payable as of September 30, 2025 and December 31, 2024:

	(in thousands)	
	September 30, 2025	December 31, 2024
Avondale secured promissory note	\$ 1,575	\$ -
Insurance financing agreement	481	26
NJD Investments, LLC promissory note	328	564
Vehicle loans	156	240
SBA loan	150	150
Future receivables financing agreement with Cedar Advance, LLC	-	2,223
ARIN note	-	-
Total Gross Debt	\$ 2,690	\$ 3,203
Less:		
Debt discount	(392)	(720)
Total Net Debt	\$ 2,298	\$ 2,483

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The principal payments due on our notes payable for the remaining three months ending December 31, 2025 and for each of the next four years ending December 31, and thereafter were as follows (in thousands):

Years Ending December 31,	Amount
2025 (remaining)	2,156
2026	318
2027	59
2028	7
2029	-
Thereafter	150
Total	<u>\$ 2,690</u>

Future Receivables Financing Agreement with Cedar Advance, LLC

On March 14, 2024, the Company entered into a standard merchant cash advance agreement (the "Cedar Agreement") with Cedar Advance LLC ("Cedar"), dated as of March 12, 2024, pursuant to which the Company sold to Cedar \$1,491,000 of its future accounts receivable for a purchase price of \$1,050,000, less fees and expenses of \$50,000, for net funds provided of \$1,000,000.

Pursuant to the Cedar Agreement, Cedar was expected to withdraw \$53,250 a week directly from the Company's bank account until the \$1,491,000 due to Cedar under the Cedar Agreement was paid in full. To secure the Company's obligations under the Cedar Agreement, the Company granted Cedar a security interest in all accounts, including all deposit accounts, accounts receivable, and other receivables, and proceeds as those terms are defined by Article 9 of the Uniform Commercial Code (the "Collateral"). In addition, the Company agreed not to incur, directly or indirectly, any lien on or with respect to the Collateral. In the event of a default (as defined in the Cedar Agreement), Cedar, among other remedies, could enforce its security interest in the Collateral and demand payment in full of the uncollected amount of receivables purchased plus all fees due under the Cedar Agreement.

On May 7, 2024, the Company entered into an amended and restated standard merchant cash advance agreement (the "Cedar II Agreement") with Cedar. Pursuant to the terms of the Cedar II Agreement, the Company sold to Cedar a total of \$2,485,000 of its future accounts receivable collections for a purchase price of \$1,750,000. The Company received cash of \$544,250 after pay-off of the remaining amount due under the Cedar Agreement of \$1,118,250 and fees and expenses of \$87,500. Pursuant to the Cedar II Agreement, the Company was required to pay Cedar 35.0% of all funds collected weekly from customers and Cedar was expected to withdraw \$65,395 per week from the Company's bank account until the \$2,485,000 due to Cedar (representing \$1,750,000 of principal and \$735,000 of interest) under the Cedar II Agreement was paid in full. Except as amended by the Cedar II Agreement, the remaining terms of the Cedar Agreement remained in full force and effect. Management determined the Cedar II Agreement should be accounted for as an extinguishment of debt and recorded a loss on extinguishment of \$334,806 during the nine months ended September 30, 2024.

On December 4, 2024, the Company entered into a standard merchant cash advance agreement (the "Cedar III Agreement") with Cedar. Pursuant to the terms of the Cedar III Agreement, the Company sold to Cedar a total of \$2,485,000 of its future accounts receivable collections for a purchase price of \$1,750,000. The Company received cash of \$1,139,350 after pay-off of the remaining amount due under the Cedar II Agreement of \$523,150 and fees and expenses of \$87,500. Pursuant to the Cedar III Agreement, the Company was required to pay Cedar 25.0% of all funds collected weekly from customers and Cedar was expected to withdraw \$65,395 per week from the Company's bank account until the \$2,485,000 due to Cedar (representing \$1,750,000 of principal and \$735,000 of interest) under the Cedar III Agreement was paid in full. Management determined the Cedar III Agreement should be accounted for as an extinguishment of debt and recorded a loss on extinguishment of \$63,303 during the year ended December 31, 2024. On April 2, 2025, the Company paid outstanding principal balance of \$1,373,285. See "*Arin Cash Advancement*" below for more information.

NJD Investments, LLC Promissory Note

On August 30, 2022, the Company entered into a promissory note (the "NJD Note") for \$1,136,000 with NJD Investments, LLC ("NJD") in connection with its purchase of the assets of 2900 Madison Ave. SE, Grand Rapids, Michigan ("the Property"). The NJD Note accrues interest at a rate of 5% per annum and will mature on September 1, 2026. The Company may prepay the outstanding amount due at any time without penalty. The Company makes monthly payments of principal and interest of \$28,089. The NJD Note is secured by a mortgage on the Property (the "Mortgage") and a security interest in the assets owned by the Subsidiary in favor of NJDI (the "Security Agreement").

In addition, the Company's obligation to repay the amounts due under the NJD Note, or up to \$1,136,000 plus any accrued interest, is guaranteed by the Company under a guaranty in favor of NJDI (the "Guaranty") entered into on August 30, 2022. Under the Guaranty, in the event that the Company defaulted on the NJD Note, the Company would be responsible for any sum remaining due after NJDI foreclosed on the Mortgage and exercised its rights under the Security Agreement.

As of September 30, 2025, the entire balance of \$328,119 is included in "Short-term debt, net of discounts" and as of December 31, 2024, \$316,067 of the outstanding balance is included in "Short-term debt, net of discounts" and \$247,618 is included in "Long-term debt, net of discounts" within the consolidated balance sheets.

Small Business Administration ("SBA") Loan

On June 22, 2020, the Company entered into a U.S. Small Business Administration Loan Authorization and Agreement pursuant to which the Company received loan proceeds of \$150,000 (the "SBA Loan"). The SBA Loan was made under, and is subject to the terms and conditions of, the Economic Injury Disaster Loan Program, which was a program expanded for COVID-19 relief under the CARES Act and is administered by the U.S. Small Business Administration. The term of the SBA Loan is thirty (30) years with a maturity date of June 22, 2050 and the annual interest rate of the SBA Loan is a fixed rate of 3.75%. Under the terms of the CARES Act, the use of loan proceeds for the SBA Loan is limited to alleviating economic injury caused by the COVID-19 pandemic. The outstanding balance on the SBA Loan of \$150,000 is included in "Long-term debt, net of discounts" within the consolidated balance sheets as of September 30, 2025 and December 31, 2024. As of September 30, 2025 and December 31, 2024, total accrued interest on the SBA Loan was \$24,441 and \$19,695, respectively.

Vehicle Loans

During the year ended December 31, 2021, the Company entered into three financing agreements totaling \$102,681 for the purchase of vehicles. The loans, which accrue interest at rates of 16.84% - 18.66%, mature in 2026. The loans are secured by the vehicles purchased.

During the year ended December 31, 2022, the Company entered into two financing agreements totaling \$158,214 for the purchase of vehicles. The loans, which accrue interest at a rate of 7.64%, mature in 2027. The loans are secured by the vehicles purchased.

During the year ended December 31, 2023, the Company entered into three financing agreements totaling \$151,850 for the purchase of vehicles. The loans, which accrue interest at a rate of 10.49%, mature in 2028. The loans are secured by the vehicles purchased.

As of September 30, 2025, \$66,930 of the total outstanding balance of the vehicle loans is included within "Short-term debt, net of discounts" and \$88,998 is included in "Long-term debt, net of discounts" on the consolidated balance sheet.

As of December 31, 2024, \$91,902 of the total outstanding balance of the vehicle loans is included within "Short-term debt, net of discounts" and \$147,684 is included in "Long-term debt, net of discounts" on the consolidated balance sheet.

Arin Cash Advance Agreement

On February 14, 2025, the Company entered into a standard merchant cash advance agreement with Arin Funding LLC ("Arin"), dated as of February 14, 2025, pursuant to which the Company sold to Arin \$272,000 of its future accounts receivable for a purchase price of \$200,000, less fees and expenses of \$10,000, for net funds provided of \$190,000. Pursuant to the Agreement, the Company is required to pay Arin 10.0% of all funds collected weekly from customers and Arin is expected to withdraw \$9,714 a week directly from the Company's bank account until the \$272,000 due to Arin under the Agreement is paid in full.

On April 2, 2025, the Company entered into a standard merchant cash advance agreement (the "Arin II Agreement") with Arin, pursuant to which the Company sold \$2,040,000 of future accounts receivable to Arin in exchange for a purchase price of \$1,500,000, less fees and expenses of \$65,000, for net funds provided of \$1,435,000. In connection with the Arin II Agreement, the Company negotiated with Cedar to discount the outstanding balance under the Cedar III Agreement, from \$1,373,285 to \$1,263,422, in exchange for the Company agreeing to prepay the future amounts payable under the Cedar III Agreement. A portion of the net proceeds of the Arin II Agreement were used to satisfy the remaining amount to which Cedar was entitled under the Cedar III Agreement, which resulted in the Company recognizing a loss on extinguishment of debt of approximately \$114,000. Weekly, the Company was required to pay Arin 20.0% of all funds collected from customers for the sale of goods and services and Arin was authorized to withdraw \$63,750 of funds from its bank account until the total balance of \$2,040,000 is repaid. The Arin II Agreement was collateralized by the Company's cash and receivable accounts. On August 29, 2025, the Company paid the outstanding principal balance of \$701,250. See "*Avondale Secured Promissory Note*" below for more information.

Avondale Secured Promissory Note

On August 29, 2025, the Company entered into a secured promissory note with Avondale Capital LLC ("Avondale"), an affiliate of Streeterville, the holder of our Series B Preferred Stock, pursuant to which the Company received \$1,750,000 less an original issue discount of \$350,000 and less \$5,000 of fees and expenses, for net funds provided of \$1,395,000. Pursuant to the secured promissory note, the Company is required to pay Avondale \$43,750 weekly until the \$1,750,000 secured promissory note with Avondale is paid in full. The secured promissory note does not accrue interest unless there is an event of default and is collateralized by all cash and cash equivalents, accounts receivable, and all other receivables of the Company. A portion of the net proceeds of the Avondale secured promissory note were used to satisfy the remaining amount to which Arin was entitled under the Arin II Agreement, which resulted in the Company recognizing a loss on extinguishment of approximately \$99,000.

The Company also determined that certain default provisions of the secured promissory note were not clearly and closely related to the debt host and required separate accounting as an embedded derivative. The fair value of the embedded derivative was calculated based on the Company's estimates of probability of a default event occurring during the term of the promissory note payable, and thus it is considered a level 3 fair value measurement. The initial fair value of the embedded derivative was \$87,500, which was recorded as a debt discount. The fair value as of September 30, 2025 was \$78,750, and the change in fair value was recorded as "*Gain on change in derivative liability*" on the unaudited condensed consolidated statement of operations.

NOTE 9 – SERIES B PREFERRED STOCK

In connection with the APA, on May 13, 2025, the Board approved a certificate of designation, subsequently amended on July 29, 2025 and August 13, 2025, fixing the voting powers, designations, preferences and rights and the qualifications, limitations or restrictions of the Series B Preferred Stock, a series of preferred stock of the Company. Of the Company's 10,000,000 previously undesignated shares of preferred stock, par value \$0.0001 per share, 50,000 shares were designated as Series B Preferred Stock as of May 14, 2025.

As consideration for the purchase of the Assets pursuant to the APA, the Company issued 12,000 shares of Series B Preferred Stock to Streeterville as the sole shareholder of NaturalShrimp, at a stated value of \$1,000 per share, for an aggregate purchase price of \$12,000,000.

Also on May 14, 2025, the Company entered into a stock purchase agreement (the "SPA") with Streeterville, pursuant to which the Company issued 3,000 shares of Series B Preferred Stock, at a stated value of \$1,000 per share, to Streeterville, for the purchase price of \$3,000,000. Additionally, pursuant to the SPA, Streeterville shall purchase an additional 500 shares of Series B Preferred Stock, at a stated value of \$1,000 per share, on November 14, 2025 for a purchase price of \$500,000. The SPA contains customary representations and warranties, covenants and agreements of the Company and Streeterville. The shares of Series B Preferred Stock were issued and sold to Streeterville without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on the exemption provided by Section 4(a)(2) of the Securities Act as a transaction not involving a public offering. As of September 30, 2025, the Company issued 15,154 shares of Series B Preferred Stock.

The Series B Preferred Stock ranks senior to the Company's common stock, par value \$0.0001 per share, with respect to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company. The Series B Preferred Stock is entitled to a preferred return at a rate of 8.0% per annum, payable on a quarterly basis in cash or via the issuance of additional shares of Series B Preferred Stock based on the preferred return accrued and unpaid, divided by the stated value of the Series B Preferred Stock. As of September 30, 2025 and subsequent to September 30, 2025, the Company had issued 154 shares and 305 shares, respectively, of Series B Preferred Stock to Streeterville as payment of the quarterly preferred return, in reliance on the exemption provided by Section 4(a)(2) of the Securities Act as a transaction not involving a public offering.

Upon an event of default (i) the Company shall not issue any convertible debt or Equity Securities (as defined in the Certificate of Designation) without the prior written consent of Streeterville and (ii) Streeterville can seek and obtain injunctive relief from any court of competent jurisdiction, to enjoin the Company from issuing any convertible debt or Equity Securities without the prior written consent of Streeterville.

Additionally, so long as Streeterville remains the sole Holder of Series B Preferred Stock, Streeterville will be entitled to cast a number of votes equal to the lesser of (i) 1,305,483 shares of common stock and (ii) 9.99% of the Company's outstanding common stock, calculated on a fully diluted basis, with all other classes and series voting with the common stock, at any meeting of stockholders.

Under the Certificate of Designation, the Company agreed that it: (i) will not issue Series B Preferred Stock, other than to Streeterville, without Streeterville's consent; (ii) will not increase the authorized shares of common stock or preferred stock without the prior written consent of Streeterville; (iii) will not make any Restricted Issuance (as defined in the Certificate of Designation) without the prior written consent of Streeterville; (iv) will not enter into any agreement or commitment to, create, authorize, or issue any class of preferred stock that is equal to or senior in liquidation preference to the Series B Preferred Stock, without the consent of Streeterville; (v) will not consummate a Fundamental Transaction (as defined in the Certificate of Designation) or enter into an agreement to consummate a Fundamental Transaction without the consent of the Holders; and (vi) will not enter into any agreement or commitment to, dispose of any assets or operations that comprise more than 25% of the Company's consolidated revenue or total assets without the consent of Streeterville. If the Company does not follow the terms of the preceding sentence, Streeterville may declare an event of default.

Prior to the amendments to the Certificate of Designation, under ASC 480-10, certain events were not considered to be solely in the control of the Company, and the Company classified the Series B Preferred Stock in Mezzanine equity as per ASC 480-10-S99 "Distinguishing liabilities from Equity – SEC Materials." Subsequent to the August 13, 2025 amendment to the Certificate of Designation, there are no longer events that are not solely in the control of the Company that could require the Company to redeem the Series B Preferred Stock for cash or assets, except in the case of a deemed liquidation event that would result in holders of all subordinated classes of shares to receive the same form of consideration as the holders of Series B Preferred Stock. Accordingly, the Company reclassified the Series B Preferred Stock as permanent equity as per ASC 480-10-S99 "Distinguishing liabilities from Equity – SEC Materials."

NOTE 10 – STOCKHOLDERS' EQUITY (DEFICIT) AND STOCK-BASED COMPENSATION

Public Offerings

On May 23, 2024, the Company completed a best-efforts public offering (the "May Offering") of (i) 2,437,000 common units, each consisting of one share of common stock, one Class A warrant ("May Class A Warrant") to purchase one share of common stock and one Class B warrant ("May Class B Warrant," together with the May Class A Warrants, the "May Warrants") to purchase one share of common stock at a purchase price of \$56.60 per unit; and (ii) 8,720 pre-funded units, each consisting of one pre-funded warrant to purchase one share of common stock ("May Pre-Funded Warrant"), one May Class A Warrant and one May Class B Warrant at a purchase price of \$56.25 per unit.

The May Warrants had an exercise price of \$56.50 per share, subject to an exercise price reset, were immediately exercisable, and, in the case of May Class A Warrants, will expire on May 23, 2029, and in the case of May Class B Warrants, will expire on November 23, 2025. The May Warrants had an exercise price reset feature whereby if, on June 22, 2024, the exercise price of the May Warrants was greater than the arithmetic average of the volume-weighted average price of the common stock for the prior five days (the "reset price"), the exercise price of the May Warrants would be reduced to the reset price. Pursuant to the reset feature, the exercise price of the May Warrants became \$37.25 on June 22, 2024. The exercise price of the May Warrants is also subject to adjustment for stock splits, reverse splits, and similar capital transactions as described in such May Warrants.

Subject to certain ownership limitations described in the May Pre-Funded Warrants, the May Pre-Funded Warrants were immediately exercisable and may be exercised at a nominal exercise price of \$0.25 per share of common stock any time until all of the May Pre-Funded Warrants are exercised in full.

In connection with the May Offering, on May 22, 2024, the Company also entered into a placement agency agreement pursuant to which Maxim Group LLC ("Maxim") served as the exclusive placement agent in connection with the May Offering. The Company paid Maxim a cash fee of 7.0% of the aggregate gross proceeds raised at the closing of the May Offering and reimbursement of certain expenses and legal fees in the amount of \$80,000. The Company also issued Maxim warrants to purchase up to an aggregate of 5,310 shares of common stock (the "May Placement Agent Warrants"). The May Placement Agent Warrants have an exercise price of \$56.50 per share and have substantially the same terms as the May Class A Warrants, except the May Placement Agent Warrants were not subject to an exercise price reset and were exercisable beginning November 18, 2024.

The Company received gross proceeds of \$5,998,120 from the May Offering and paid underwriting fees of \$499,868, resulting in net proceeds of \$5,498,252.

On September 30, 2024, the Company closed a best-efforts public offering (the "September Offering") of (i) 169,626 common units, each consisting of one share of common stock, one Class A warrant (the "September Class A Warrant") to purchase one share of common stock and one Class B warrant (the "September Class B Warrant," together with the September Class A Warrants, the "September Warrants") to purchase one share of common stock at a purchase price of \$9.00 per unit; and (ii) 458,400 pre-funded units, each consisting of one pre-funded warrant to purchase one share of common stock ("September Pre-Funded Warrant"), one September Class A Warrant and one September Class B Warrant at a purchase price of \$8.75 per unit.

The September Warrants have an exercise price of \$9.00 per share, are immediately exercisable, and, in the case of September Class A Warrants, will expire on September 30, 2029, and in the case of September Class B Warrants, will expire on March 30, 2026. The exercise price of the September Warrants is subject to adjustment for stock splits, reverse splits, and similar capital transactions as described in such September Warrants. Subject to certain ownership limitations described in the September Pre-Funded Warrants, the September Pre-Funded Warrants are immediately exercisable and may be exercised at a nominal exercise price of \$0.25 per share of common stock any time until all of the September Pre-Funded Warrants are exercised in full.

In connection with the September Offering, on September 27, 2024, the Company also entered into a placement agency agreement pursuant to which Maxim served as the exclusive placement agent in connection with the September Offering. The Company paid Maxim a cash fee of 7.0% of the aggregate gross proceeds raised at the closing of the September Offering and reimbursement of certain expenses and legal fees in the amount of \$80,000. The Company also issued to Maxim warrants to purchase up to 31,401 shares of common stock (the "September Placement Agent Warrants"). The September Placement Agent Warrants have an exercise price of \$9.00 per share and substantially the same terms as the September Class A Warrants, except the September Placement Agent Warrants are exercisable beginning March 26, 2025.

The Company received gross proceeds of \$5,552,484 from the September Offering and paid underwriting and other fees of \$757,326, resulting in net proceeds of \$4,795,158.

Inducement Letters

On December 23, 2024, the Company entered into an inducement letter agreement (the "December 2024 Inducement") with an institutional investor and existing holder (the "Holder") of September Class B Warrants to purchase 333,200 shares of the Company's common stock. Pursuant to the December 2024 Inducement, the Holder agreed to exercise the September Class B Warrants for cash at the exercise price of \$9.00 per share in consideration for the Company's agreement to issue: (i) new unregistered five-year warrants to purchase up to an aggregate of 333,200 shares of common stock at an exercise price of \$9.00 per share (the "December 2024 Class A Warrants"), and (ii) new unregistered eighteen-month warrants to purchase up to an aggregate of 333,200 shares of common stock at an exercise price of \$9.00 per share (the "December 2024 Class B Warrants"). The December 2024 Class A Warrants were immediately exercisable upon issuance and have a term of five years from the issuance date, and the December 2024 Class B Warrants were immediately exercisable and have a term of eighteen months from the issuance date. The Company received \$3,841,200 of proceeds from the Inducement Letter Agreement and recognized \$177,308 for underwriting and other fees as of December 31, 2024. As a result of the December 2024 Inducement, the Company recognized a deemed dividend of \$3,873,350 during the year ended December 31, 2024.

On May 21, 2025, the Company entered into an inducement letter agreement (the "May 2025 Inducement") with the Holder of September Class A Warrants to purchase 333,200 shares of the Company's common stock, (ii) December 2024 Class A Warrants to purchase 333,200 shares of Common Stock and (iii) December 2024 Class B Warrants to purchase 333,200 shares of Common Stock; and collectively, the "Existing Warrants"). The Existing Warrants had original exercise prices of \$9.00 per share and became exercisable immediately following issuance. Pursuant to the May 2025 Inducement, the Holder agreed to exercise the Existing Warrants for cash at a reduced exercise price of \$3.50 per share in consideration for the Company's agreement to issue new unregistered five-year warrants to purchase up to an aggregate of 1,999,200 shares of Common Stock at an exercise price of \$3.50 per share (the "New Warrants"). The New Warrants were immediately exercisable upon issuance and have a term of five years from the initial exercise date. The Company received \$3,494,600 of gross proceeds from the May 2025 Inducement and recognized \$237,409 for underwriting and other fees as of June 30, 2025. As a result of the May 2025 Inducement, the Company recognized a deemed dividend of \$9,832,972.

Equity Distribution Agreement

On February 7, 2024, we entered into an Equity Distribution Agreement (the "2024 EDA") with Maxim, pursuant to which the Company could offer and sell shares of common stock, having an aggregate offering price of up to \$1,146,893 from time to time through Maxim acting as our agent. The offering under the 2024 EDA terminated when the Company sold the aggregate offering amount. Maxim was entitled to compensation at a fixed commission rate of 3.5% of the gross sales price per share sold. During the nine months ended September 30, 2024, we sold 181,710 shares of common stock for total gross proceeds of \$1,146,890 and paid commissions to Maxim of \$40,141.

On January 31, 2025, the Company entered into an Equity Distribution Agreement (the "2025 EDA") with Maxim as sales agent, pursuant to which the Company may, from time to time, issue and sell shares of its common stock through Maxim in an at-the-market offering for an aggregate offering price of up to \$2,516,470. Under the terms of the 2025 EDA, Maxim may sell the shares at market prices by any method that is deemed to be an "at-the-market offering" as defined in Rule 415 under the Securities Act. The offering of shares of our common stock pursuant to the 2025 EDA will terminate upon the earliest of (i) January 31, 2026, (ii) the sale of all Shares provided for in the prospectus supplement related to this offering, and (iii) the termination of the EDA by written notice of the Company or Maxim.

Subject to the terms and conditions of the 2025 EDA, Maxim will use its commercially reasonable efforts to sell shares of common stock from time to time, based upon the Company's instructions. The Company has no obligation to sell any of the Shares and may at any time suspend sales under the 2025 EDA or terminate the 2025 EDA in accordance with its terms. The Company has provided Maxim with customary indemnification rights, and Maxim will be entitled to a fixed commission of 3.5% of the aggregate gross proceeds from the Shares sold. The Company has agreed to reimburse Maxim for the fees and disbursements of its counsel, payable upon execution of the 2025 EDA, in an amount not to exceed \$30,000 in connection with the establishment of this at-the-market offering program, in addition to certain ongoing fees of its legal counsel. During the nine months ended September 30, 2025, we sold 774,579 shares of common stock for total gross proceeds of \$2,478,412 and paid commissions to Maxim of \$192,431.

Common Stock

The Company has authorized 100,000,000 shares of common stock with \$0.0001 par value. As of September 30, 2025 and December 31, 2024, 3,083,899 and 1,065,402 common shares were issued and outstanding, respectively.

During the nine months ended September 30, 2025, the Company issued 2,018,497 shares of common stock, with gross proceeds of \$5,973,012 and offering costs of \$427,120.

Stock-Based Compensation

On January 18, 2022 in connection with the IPO, the board of directors (the "Board") approved the Edible Garden AG Incorporated 2022 Equity Incentive Plan (the "2022 Plan"). The 2022 Plan provides for equity incentive compensation for employees, non-employee directors, and any other individuals who perform services for the Company. The number of shares initially available for grant under the 2022 Plan was 100. A variety of discretionary awards are authorized under the 2022 Plan, including stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards. The vesting of such awards may be conditioned upon either a specified period of time or the attainment of specific performance goals as determined by the administrator of the 2022 Plan. The option price and terms are also subject to determination by the administrator with respect to each grant.

On June 8, 2023 the stockholders of the Company approved the First Amendment to the 2022 Plan, which increased the number of shares of common stock reserved for issuance thereunder by 600 shares and extended the term of the 2022 Plan until June 8, 2033.

On August 21, 2024, the stockholders of the Company approved the Second Amendment to the 2022 Plan to: (i) increase the number of shares of common stock reserved for issuance thereunder by 26,000 shares, (ii) update the recoupment provisions of the 2022 Plan to be consistent with the Company's Policy for the Recovery of Erroneously Awarded Compensation, and (iii) extend the term of the 2022 Plan until August 21, 2034.

During the nine months ended September 30, 2025, the Company did not issue restricted stock awards. During the nine months ended September 30, 2024, the Company issued 6,000 restricted stock awards to employees and consultants of the Company as compensation and recognized stock-based compensation expense of \$38,280 for the awards, which vested immediately.

As of September 30, 2025, shares available for future stock compensation grants totaled 11,001,258.

Warrants

The following table summarizes transactions involving the Company's outstanding warrants to purchase common stock for the nine months ended September 30, 2025:

	Warrants (Underlying Shares)	Weighted- Average Exercise Price Per Share
Outstanding December 31, 2024	1,744,337	\$ 25.82
Warrants issued in public offering	1,999,200	\$ 3.50
Warrants exercised	(999,600)	3.50
Outstanding September 30, 2025	<u>2,743,937</u>	\$ 10.10

NOTE 11 – LEASES

Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset. Such assets are classified as right-of-use assets ("lease assets") with a corresponding lease liability.

Finance and operating lease assets and liabilities are recorded at commencement at the present value of future minimum lease payments over the expected lease term. As the implicit discount rate for the present value calculation is not determinable in most of the Company's leases, management uses the Company's incremental borrowing rate based on the information available at commencement of the lease. The expected lease terms include options to extend the lease when it is reasonably certain the Company will exercise such options. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. Leases with an expected term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

Operating Lease

On October 1, 2024, the Company acquired Edible Garden Corp. ("EGC") from Unrivaled Brands, Inc., our former parent company, for the nominal price of \$1.00. At our inception, the Company acquired substantially all of the assets of EGC from Unrivaled Brands, Inc., except for the lease agreement between EGC and Whitetown Realty, LLC (the "Landlord"), made as of December 30, 2014 (the "Lease Agreement"), as amended by a lease extension agreement between EGC and the Landlord dated September 10, 2019 (the "Lease Extension," together with the Lease Agreement, the "Lease"), for a 5-acre greenhouse location in Belvidere, New Jersey. As a result, prior to October 1, 2024, we operated the New Jersey property through an informal arrangement with EGC in which the Company effectively rented the property on a month-to-month basis with no set term. On October 1, 2024, upon the closing of the acquisition of EGC, we assumed the Lease and became subject to its terms. The Lease has a term that commenced on January 1, 2015 and ends on December 31, 2029. Under the terms of the Lease, the Company will pay the Landlord a monthly lease payment of approximately \$22,000 in 2025.

On May 14, 2025, the Company entered into a lease agreement with Iowa Shrimp Holdings, LLC (the "Iowa Landlord"), an affiliate of the NaturalShrimp and Streeterville, for access to and use of certain real property located at 401 Des Moines Street, Webster City, Iowa 50595; where substantially all of the acquired assets are located. The initial term of the lease agreement is 12 months with three options to extend an additional 12 months. The Company will pay the Iowa Landlord a monthly lease payment of \$1.00. If the Company is considered a holdover tenant after the expiration of the initial term or any renewal term with the prior written consent of Iowa Landlord, the tenancy will be construed as month to month, except that rent shall be increased to an amount equal to (i) \$15,000 per calendar month if the holdover tenancy occurs between the first anniversary and second anniversary of May 14, 2025, (ii) \$22,500 per calendar month if the holdover tenancy occurs between the second anniversary and third anniversary of May 14, 2025, or (iii) \$30,000 per calendar month if the holdover tenancy occurs after the third anniversary of May 14, 2025, plus, and in addition to the rent, all other sums of money due and payable by the Company to the Iowa Landlord under the Lease. If the Company (i) fails to pay any installment of rent or additional rent or other sum due within 10 days after written notice from the Iowa Landlord; (ii) fails to perform any term, condition or covenant under the Lease within 30 days after written notice that such performance is due; (iii) becomes bankrupt or insolvent or files a petition in bankruptcy or insolvency, reorganization or for the appointment of a receiver or trustee; or (iv) abandons the premises, the Iowa Landlord may terminate the lease agreement by written notice and reenter and take possession of the premises.

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During the nine months ended September 30, 2025, total operating lease cost was \$614,078, of which \$409,713 was associated with short-term leases. During the nine months ended September 30, 2024, total operating lease cost was \$229,036, all which was associated with short-term leases.

The table below presents total operating lease assets and lease liabilities as of September 30, 2025 and December 31, 2024:

	(in thousands)	
	September 30, 2025	December 31, 2024
Operating lease assets	\$ 4,205	\$ 1,202
Current maturities of operating lease liabilities	\$ 223	\$ 212
Long-term operating lease liabilities	\$ 824	\$ 992

The table below presents the maturities of operating liabilities for the remaining three months ending December 31, 2025 and for each of the next four years ending December 31 were as follows:

	(in thousands)
	Operating Leases
2025 (remaining)	\$ 67
2026	270
2027	273
2028	276
2029	279
Total lease payments	1,165
Less: discount	(118)
Total operating lease liabilities	\$ 1,047

Other information related to the operating lease term and discount rate is as follows:

	September 30, 2025
Weighted-average remaining lease term (years)	4.3
Interest rate	5.0%

Finance Leases

The Company has finance leases for various vehicles with terms of approximately 3 years. The Company's finance lease agreements do not contain any material non-lease components, residual value guarantees, or material restrictive covenants.

The table below presents total finance lease assets and lease liabilities as of September 30, 2025 and December 31, 2024:

	(in thousands)	
	September 30, 2025	December 31, 2024
Financing lease assets	\$ 81	\$ 114
Current maturities of finance lease liabilities	\$ 44	\$ 41
Long-term finance lease liabilities	\$ 42	\$ 75

The components of finance lease expense are as follows:

	Classification on the Statement of Operations	(in thousands)	
		Three Months Ended	
		September 30, 2025	September 30, 2024
Finance lease cost:			
Amortization of right-of-use assets	Selling, general and administrative expenses	\$ 22	\$ 11
Interest on finance lease liabilities	Interest expense, net	6	4
Total finance lease cost		\$ 28	\$ 15

The table below presents the maturities of financing lease liabilities for the remaining three months ending December 31, 2025 and for each of the next two years ending December 31, and thereafter were as follows:

	(in thousands)
	Financing Leases
2025 (remaining)	\$ 13
2026	52
2027	30
Total lease payments	95
Less: interest	(9)
Total finance lease liabilities	\$ 86

NOTE 12 – RELATED PARTY TRANSACTIONS

In connection with the acquisition of NaturalShrimp's assets, the Company entered into a transition services agreement with NaturalShrimp on May 14, 2025. NaturalShrimp, an affiliate of Streeterville, will provide ongoing operational support and accounting and bookkeeping services for a period of two months. The Company did not renew the service agreement and incurred a total service fee of \$70,000 for the two months of services provided.

Avondale, the counterparty for the Company's secured promissory note, is an affiliate of Streeterville, the holder of the Company's outstanding Series B Preferred Stock. See Note 8, "Notes Payable" for further information.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

From time to time, we may be party to or otherwise involved in legal proceedings arising in the ordinary course of business. Management does not believe that there is any pending or threatened proceeding against us, which, if determined adversely, would have a material adverse effect on our business, results of operations or financial condition.

NOTE 14 – GOING CONCERN

These financial statements are prepared on a going concern basis. The Company began operating in 2020. For the nine months ended September 30, 2025, we incurred a net loss of \$11.4 million. We expect to experience further significant net losses in the foreseeable future. As of September 30, 2025, we had cash available for operations of \$0.8 million. We have not been able to generate sufficient cash from operating activities to fund our ongoing operations. Since our inception, we have raised capital through our issuance of debt and equity securities. Our future success is dependent upon our ability to achieve profitable operations and generate cash from operating activities. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations.

We will be required to raise additional funds through public or private financing, additional collaborative relationships or other arrangements until we are able to raise revenue and reduce costs to a point of positive cash flow. We are evaluating various options to further reduce our cash requirements to operate at a reduced rate, as well as options to raise additional funds, including obtaining loans and selling securities. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations, or if we are able to raise capital, that it will be available to us on acceptable terms, on an acceptable schedule, or at all.

The issuance of additional securities may result in a significant dilution in the equity interests of our current stockholders. Obtaining loans, assuming these loans would be available, will increase our liabilities and future cash commitments. There is no assurance that we will be able to obtain further funds required for our continued operations or that additional financing will be available for use when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease our operations.

The risks and uncertainties surrounding our ability to raise capital and to continue our business with limited capital resources indicates that substantial doubt exists as to our ability to continue as a going concern for twelve months from the issuance of these financial statements.

NOTE 15 – SUBSEQUENT EVENTS

October 2025 Inducement Letter

On October 16, 2025, the Company entered into an inducement letter agreement (the "October 2025 Inducement") with the holder of (i) warrants to purchase 53 shares of the Company's common stock issued on May 9, 2022 with an initial exercise price of \$75,000 (the "May 2022 Warrants"), (ii) warrants to purchase 1,080 shares of common stock issued on September 8, 2023 with an initial exercise price of \$550 (the "September 2023 Warrants"), (iii) Class A warrants to purchase 10,619 shares of common stock and Class B warrants to purchase 10,619 shares of common stock issued on May 23, 2024 with initial exercise prices of \$37.25 (the "May 2024 Warrants"), and (iv) warrants to purchase 1,999,200 shares of common stock issued on May 21, 2025 with an initial exercise price of \$3.50 (the "May 2025 Warrants" and collectively with the May 2022 Warrants, September 2023 Warrants, and May 2024 Warrants, the "Prior Warrants"). The Prior Warrants were all immediately exercisable upon issuance.

Pursuant to the October 2025 Inducement, the Holder agreed to exercise the Prior Warrants for cash at a reduced exercise price of \$2.06 per share in consideration for the Company's agreement to issue new unregistered five-year warrants to purchase up to an aggregate of 4,043,142 shares of Common Stock at an exercise price of \$2.06 per share (the "Consideration Warrants"). The Consideration Warrants were immediately exercisable upon issuance and have a term of five years from the initial exercise date. The aggregate gross proceeds to the Company from the exercise of the Prior Warrants were approximately \$4.2 million, before deducting Maxim's fees and other offering expenses payable by the Company.

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

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which provides a "safe harbor" for forward-looking statements made by us. All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, results of operations, financial position, business outlook, business trends, and other information, may be forward-looking statements. Words such as "believe," "can," "continue," "could," "estimate," "expect," "future," "intend," "may," "might," "plan," "potential," "should," "will," "would," and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that our expectations, beliefs, estimates, and projections will occur or can be achieved. Actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or anticipated results, including:

- our history of losses and our ability to continue as a going concern;
- our ability to obtain additional financing to fund our operations;
- our ability to maintain the listing of our common stock on the Nasdaq Stock Market LLC ("Nasdaq") and comply with Nasdaq's listing standards;
- the departure of members of our management team;
- our market opportunity;
- our ability to effectively manage our growth;
- our ability to complete and integrate business acquisitions;
- the effects of increased competition as well as innovations by new and existing competitors in our market;
- our ability to retain our existing customers and to increase our customer base;
- the future growth of the indoor agriculture industry and demands of our customers;
- our ability to maintain, or strengthen awareness of, our brand;
- our ability to expand the product lines we offer;
- our ability to maintain, protect, and enhance our intellectual property;
- future revenue, hiring plans, expenses and capital expenditures;
- our ability to pay our debts as they come due;
- our ability to comply with new or modified laws and regulations that currently apply or become applicable to our business;
- our ability to recruit and retain key employees and management personnel;
- our financial performance and capital requirements; and
- the potential lack of liquidity and trading of our securities.

The following discussion should be read in conjunction with our financial statements and notes thereto included elsewhere in this report and our other reports filed with the Securities and Exchange Commission ("SEC").

OVERVIEW

We are a controlled environment agriculture ("CEA") farming company. We use traditional agricultural growing techniques together with technology to grow fresh, organic food, sustainably and safely while improving traceability. We use the controlled environment of traditional greenhouse structures, such as glass greenhouses, together with hydroponic and vertical greenhouses to sustainably grow organic herbs. In our hydroponic greenhouse, we grow plants without soil. Instead of planting one row of plants in the ground, by using vertical growing systems, we can grow many towers of herbs in the same area by planting up instead of planting across. Growing these products sustainably means that we avoid depleting natural resources in order to maintain an ecological balance, such as by renewing, reusing and recycling materials in order to lower the overall one-time use of materials.

Our controlled greenhouse facilities allow us to grow consistent quality herbs year-round, first by eliminating some of the variability of outdoor farming with our CEA techniques, and second by leveraging our proprietary software, GreenThumb. In addition to using hydroponic and vertical greenhouse systems, we use a "closed loop" system in our greenhouses. Generally, in a "closed loop" system, drain water is recollected and reused for irrigation. In our closed loop system, we also cycle water back into the system that has been collected through reverse osmosis. When compared with conventional agriculture, our closed looped systems and hydroponic methods use less land, less energy and less water (than legacy farms), thus conserving some of the planet's limited natural resources. Our advanced systems are also designed to help mitigate contamination from harmful pathogens, including salmonella, e-coli and others.

We have also developed patented software called GreenThumb that assists in tracking plants through our supply chain. Utilizing our GreenThumb software to track the status of our plants as they grow and move throughout the greenhouse allows us to add a layer of quality control due to the frequent monitoring of the growing process, leading to improved traceability. In this context, traceability means being able to track a plant through all stages of production and distribution. In addition to improving traceability, GreenThumb helps us better manage the day-to-day operations of our business. GreenThumb is a web-based greenhouse management and demand planning system that does the following:

- integrates in real-time with our cloud business software suite for monitoring daily sales data;
- generates reports by category, product, customer, and farm to allow us to analyze sales, trends, margins and retail shrink (spoiled product);
- provides dynamic pallet mapping for packout, which enables us to more efficiently ship our products;
- utilizes a proprietary algorithm that uses year-over-year and trending sales data to develop customer specific and aggregate product specific forecasting for our greenhouses;
- aggregates all greenhouse activity input to provide real-time inventory and availability reports of all products in our greenhouses;
- manages our online ordering system with user controlled product availability based upon greenhouse inventory;
- provides a route management system for coordinating the logistics of our direct store delivery program; and
- tracks all production activities at greenhouses, including sowing, spacing, dumping, spraying, picking and packing, using hand held devices.

We also use our GreenThumb software to help monitor the quality of our products, and we have dedicated quality assurance and quality control personnel that check and monitor our products. We have customer service personnel that answer any questions the consumers of our products may have, and we regularly ask for feedback from our customers on the quality of our products. The combination of the GreenThumb software, quality assurance and control processes (including compliance with food safety standards), and feedback from consumers and purchasers holds us accountable for maintaining the quality of our products.

We focus our efforts on producing our herbs and vegetables in a sustainable manner that will reduce consumption of natural resources, by recycling water in our closed loop system and using LED lights instead of conventional lightbulbs to accelerate crop growth and yield, when necessary. In addition, the inventory management component of GreenThumb allows us to manage inventory levels, order quantities and fill rates while maximizing truck loads. This means that we are better able to control shipping our products in full truck loads and retailer backhaul programs, thus eliminating multiple deliveries and decreasing the excess emission of greenhouse gases that would result from many partially full trucks delivering our products. Together, these elements of our production and distribution process are intended to reduce our carbon footprint, or the total amount of greenhouse gases that are generated by our actions, as compared with a legacy farm business.

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We believe our focus on our brand "Edible Garden" is a significant differentiator. The brand not only lends itself to our current portfolio of products but allows us to develop other products in the "Consumer Brands" category. Our focus on sustainability, traceability, and social contribution, which we define as an ongoing effort to improve employee relations, working conditions, and local communities, presents our value proposition to our customers and supermarket partners and distributors. We have recently leveraged our brand recognition to offer more consumer products that are in many cases co-manufactured, such as sauces, fermented products and flavor enhancers.

RECENT DEVELOPMENTS

Avondale Secured Promissory Note

On August 29, 2025, we entered into a secured promissory note with Avondale Capital LLC ("Avondale") pursuant to which we received \$1,750,000 less an original issue discount of \$350,000 and less \$5,000 of fees and expenses, for net funds provided of \$1,395,000. Pursuant to the Agreement, we are required to pay Avondale \$43,750 weekly until the \$1,750,000 secured promissory note with Avondale is paid in full. A portion of the net proceeds of the Avondale secured promissory note were used to satisfy the remaining amount to which Arin Funding LLC ("Arin") was entitled under the standard merchant cash advance agreement we entered into with Arin on April 2, 2025 (the "Arin II Agreement"), which resulted in us recognizing a loss on extinguishment of \$99,000.

October 2025 Warrant Inducement

On October 16, 2025, we entered into an inducement letter agreement (the "October Inducement Letter Agreement") with an institutional investor and holder of existing warrants to purchase up to 2,021,571 shares of our common stock. The existing warrants were originally issued in May 2022, September 2023, and September and December 2024, with an exercise prices ranging from \$75,000.00 to \$3.50 per share, and became exercisable immediately following issuance. Pursuant to the October Inducement Letter Agreement, the holder agreed to exercise the existing warrants for cash at the exercise price of \$2.06 per share in consideration for our agreement to issue a new unregistered warrant to purchase up to an aggregate of 4,043,142 shares of common stock at an exercise price of \$2.06 per share. The new warrant was immediately exercisable upon issuance and has a term of five years from the issuance date.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the unaudited consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The following accounting policies are based on, among other things, judgments and assumptions made by management that include inherent risks and uncertainties. Management's estimates are based on historical experience, the relevant information available at the end of each period, and their judgment. Although management believes the judgment applied in preparing estimates is reasonable based on circumstances and information known at the time, actual results could differ materially from these estimates under different assumptions or market conditions.

The most significant accounting estimates involve a high degree of judgment or complexity. Management believes the estimates and judgments most critical to the preparation of our condensed consolidated financial statements and to the understanding of our reported financial results include the following.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

We do not offer returns, discounts, loyalty programs or other sales incentive programs that are material to revenue recognition. Payments from our customers are due upon delivery or within a short period after delivery.

Property, Equipment, and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Our fixed assets, which are comprised of leasehold improvements, equipment and vehicles, have useful lives of five years.

Expenditures for major renewals and improvements are capitalized, while minor replacements, maintenance and repairs, which do not extend the asset lives, are charged to operations as incurred. Upon sale or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. We continually monitor events and changes in circumstances that could indicate that the carrying balances of its property, equipment and leasehold improvements may not be recoverable in accordance with the provisions of Accounting Standards Codification ("ASC") 360, "*Property, Plant, and Equipment*." When such events or changes in circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. See Note 5, "*Property, Equipment and Leasehold Improvements, Net*" for further information.

Acquisition

The Company evaluates acquisitions to first determine whether a set of assets acquired constitutes a business and should be accounted for as a business combination. If the assets acquired are not a business, the transaction is accounted for as an asset acquisition in accordance with ASC 805-50, "*Asset Acquisitions*" which requires the acquiring entity to recognize assets acquired based on the cost to the acquiring entity on a relative fair value based on third-party appraisals. Goodwill is not recognized in an asset acquisition and any excess consideration transferred over the fair value of the net assets acquired is allocated to the identifiable assets based on relative fair values. The significant assets acquired include equipment and right-of-use lease assets.

When acquiring leases in an asset acquisition, we retain the lease classification utilized by the seller if it was determined using acceptable methods under ASC 842 "*Lease Accounting*." As part of the allocation of the purchase price, lease terms are compared to market terms utilizing an income approach to determine if leases are favorable or unfavorable. Any favorable or unfavorable leasehold interests identified increase (favorable) or reduce (unfavorable) the right-of-use lease asset and are recognized over the life of the related right-of-use asset.

Income Taxes

The provision for income taxes is determined in accordance with ASC 740, "*Income Taxes*." We file a consolidated United States federal income tax return. We provide for income taxes based on enacted tax law and statutory tax rates at which items of income and expense are expected to be settled in our income tax return. Certain items of revenue and expense are reported for Federal income tax purposes in different periods than for financial reporting purposes, thereby resulting in deferred income taxes. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. We incurred net operating losses for financial-reporting and tax-reporting purposes. At September 30, 2025 and December 31, 2024, such net operating losses were offset entirely by a valuation allowance.

We recognize uncertain tax positions based on a benefit recognition model. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50.0% likely of being ultimately realized upon settlement. The tax position is derecognized when it is no longer more likely than not of being sustained. The Company classifies income tax related interest and penalties as interest expense and selling, general and administrative expense, respectively, on the consolidated statements of operations.

RESULTS OF OPERATIONS

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

(In thousands)	Three Months Ended September 30	
	2025	2024
Revenue	\$ 2,817	\$ 2,584
Cost of goods sold	2,544	1,885
Gross profit	273	699
Selling, general and administrative expenses	3,831	2,189
Gain on sale of asset	-	-
Loss from operations	(3,558)	(1,490)
Other income (expenses)		
Interest expense, net	(387)	(409)
Gain (Loss) from extinguishment of debt	(109)	(164)
Other income / (loss)	-	-
Gain on change in derivative liability	9	-
Total other income (expenses)	(487)	(573)
NET LOSS	\$ (4,045)	\$ (2,063)

Revenue

Revenue was \$2.8 million for the three months ended September 30, 2025, compared to \$2.6 million for the three months ended September 30, 2024. The increase in revenue of \$0.2 million, or 9%, was primarily attributed to strong performance across the company's shelf-stable product lines including Kick.Sports Nutrition, Vitamin Whey, Pulp and Pickle Party. We believe the drag on revenue from our strategic exit from the floral and lettuce categories, is now behind us, and this quarter represents the strength of our repositioned portfolio.

Cost of goods sold

Cost of goods sold were \$2.5 million for the three months ended September 30, 2025, compared to \$1.9 million for the three months ended September 30, 2024. Cost of goods sold increased \$0.7 million, or 37%. As a percentage of revenue, gross profit decreased to 10% from 27% for the three months ended September 30, 2025. The increase in cost of goods sold was primarily driven by increased greenhouse labor and freight costs of \$433 thousand and increased purchases of raw materials related to our nutraceutical products, inclusive of late Q2 invoices received from a supplier in the amount of \$135 thousand. We are pursuing price adjustments to mitigate the impact of these inflationary pressures on cost of goods sold.

Selling, general and administrative

Selling, general and administrative expenses ("SG&A") were \$3.8 million for the three months ended September 30, 2025, compared to \$2.2 million for the three months ended September 30, 2024. SG&A increased \$1.6 million, or 73%. The increase was primarily driven by higher depreciation expense related to the assets purchased from Natural Shrimp and associated right of use, legal, audit and accounting expenses.

Loss from operations

Loss from operations were \$3.6 million for the three months ended September 30, 2025, compared to \$1.5 million for the three months ended September 30, 2024. The increase in the loss from operations was driven by lower gross margin and higher SG&A expenses as previously described above.

[Table of Contents](#)*Interest expense*

Interest expense was \$0.4 million for the three months ended September 30, 2025, compared to \$0.4 million for the three months ended September 30, 2024. Interest expense was approximately unchanged as a result of similar borrowing amounts and amortization of debt issuance costs.

Net loss

Net loss was \$4.0 million for the three months ended September 30, 2025, compared to a net loss of \$2.1 million for the three months ended September 30, 2024. The reasons for the increase in net loss are explained above.

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

(In thousands)	Nine Months Ended September 30	
	2025	2024
Revenue	\$ 8,681	\$ 9,985
Cost of goods sold	7,686	7,696
Gross profit	995	2,289
Selling, general and administrative expenses	11,073	8,823
Gain on sale of asset	(1)	-
Loss from operations	(10,077)	(6,534)
Other income (expenses)		
Interest expense, net	(1,216)	(944)
Gain (Loss) from extinguishment of debt	(223)	(498)
Other income / (loss)	95	4
Gain on change in derivative liability	9	-
Total other income (expenses)	(1,335)	(1,438)
NET LOSS	\$ (11,412)	\$ (7,972)

Revenue

Revenue was \$8.7 million for the nine months ended September 30, 2025, compared to \$10.0 million for the nine months ended September 30, 2024. The decrease in revenue of \$1.3 million, or 13%, is primarily attributed to our strategic exit from the floral and lettuce categories, which contributed \$1.1 million of the decline year over year.

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Cost of goods sold

Cost of goods sold were \$7.7 million for the nine months ended September 30, 2025, compared to \$7.7 million for the nine months ended September 30, 2024. Cost of goods sold was approximately the same for the two periods. As a percentage of revenue, gross profit decreased to 11% from 23% for the nine months ended September 30, 2025. The decrease was driven by inflationary pressures and higher labor costs related to production. We are working to mitigate cost pressures, assessing price adjustments and supplier negotiations where market conditions permit.

Selling, general and administrative

Selling, general and administrative expenses were \$11.1 million for the nine months ended September 30, 2025, compared to \$8.8 million for the nine months ended September 30, 2024. SG&A increased \$2.3 million, or 26%. The increase was driven by transaction, professional and depreciation expenses related to the NaturalShrimp asset purchase, offset by the termination of severance payments related to the departure of the Company's Chief Financial Officer in 2024.

Loss from operations

Loss from operations were \$10.1 million for the nine months ended September 30, 2025, compared to \$6.5 million for the nine months ended September 30, 2024. The increase in the loss from operations was driven by lower gross margin and higher SG&A expenses as previously described above.

Interest expense

Interest expense was \$1.2 million for the nine months ended September 30, 2025, compared to \$0.9 million for the nine months ended September 30, 2024. The increase was driven primarily by higher amortization of debt discount.

Net loss

Net loss was \$11.4 million for the nine months ended September 30, 2025, compared to a net loss of \$8.0 million for the nine months ended September 30, 2024. The reasons for the increase in net loss are explained above.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern Considerations

We have incurred significant losses since our inception. We recognized net losses of approximately \$11.4 million during the nine months ended September 30, 2025 and \$11.1 million during the twelve months ended December 31, 2024. We expect our capital expenses and operational expenses to increase in the future due to expected increased sales and marketing expenses, operational costs, and general and administrative costs. Therefore, we believe our operating losses will continue or even increase at least through the near term.

The risks and uncertainties surrounding our ability to continue our business with limited capital resources raises substantial doubt as to our ability to continue as a going concern for twelve months from the issuance of these financial statements. To date, we have financed our operations with the proceeds from debt financings, public and private securities offerings, and operations, among other sources. If we are unable to raise additional capital, we believe that our existing cash will fund operations into the second quarter of 2026 and will not be sufficient to fund our operations through the next twelve months beyond the date of the issuance of our consolidated financial statements. Our operations have consumed substantial amounts of cash since inception. The net cash used in operating activities was \$9.1 million and \$6.8 million during the nine months ended September 30, 2025 and 2024, respectively. Our consolidated financial statements do not include any adjustments that might result if we are unable to continue as a going concern. If we are unable to continue as a going concern, holders of our securities might lose their entire investment. These factors, among others, may make it difficult to raise any additional capital and may cause us to be unable to continue to operate our business.

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There is no assurance that we will ever be profitable or that debt or equity financing will be available to us in the amounts, on terms, and at times deemed acceptable to us, if at all. The issuance of additional equity or equity-linked securities by us would result in significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, would increase our liabilities and future cash commitments. If we are unable to obtain financing in the amounts and on terms deemed acceptable to us, we may be unable to continue our business as planned and as a result may be required to scale back or cease operations, which could cause our stockholders to lose some or all of their investment in us. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should we be unable to continue as a going concern.

Liquidity

The Company's primary liquidity requirements are for working capital, continued investments in capital expenditures, repayment of indebtedness, payment of the preferred return to the holder of our Series B Preferred Stock, par value \$0.0001 per share (the "Series B Preferred Stock"), and other strategic investments. Although income taxes are not currently a significant use of funds, after the benefits of our net operating loss carryforwards are fully recognized, they could become a material use of funds, depending on our future profitability and future tax rates. The Company's liquidity needs have been met primarily through public and private equity offerings, term loan borrowings, accounts receivable financing, convertible notes, and related party loans.

As of September 30, 2025 and December 31, 2024, we had \$0.8 million and \$3.5 million in cash and cash equivalents available, respectively. As of September 30, 2025 and December 31, 2024, we had \$2.7 million and \$3.2 million of total gross debt outstanding, respectively. During the nine months ended September 30, 2025, we used \$9.1 million in cash for operating activities. As of September 30, 2025, we had a working capital deficit of \$1.2 million, a decrease of approximately \$2.4 million from a working capital surplus of \$1.2 million as of December 31, 2024. To meet our cash needs, during the nine months ended September 30, 2025, we raised \$3.3 million via the May warrant inducement, we raised \$3.0 million from the sale of preferred stock, we entered into the Arin II Agreement and the Avondale secured promissory note, we raised approximately \$2.3 million in an at-the-market offerings, and subsequent to September 30, 2025, we raised an additional \$4.2 million via the October warrant inducement. We are also continuing to assess our cost structure for opportunities. See "*Capital Resources*" below for additional details.

We may not be able to access the capital markets in the future on commercially acceptable terms or at all. Our ability to fund future operating expenses and capital expenditures and our ability to meet future debt service obligations or refinance our indebtedness will depend on our future operating performance, which will be affected by general economic, financial and other factors beyond our control, including those described under "*Risk Factors*" in our Annual Report on Form 10-K, filed with the SEC on April 1, 2025.

Capital Resources

On October 16, 2025, we entered into the October Inducement Letter Agreement with an institutional investor and holder of existing warrants to purchase up to 2,021,571 shares of our common stock for total proceeds of \$4.2 million before deducting Maxim Group LLC's ("Maxim") fees and other offering expenses payable by the Company. See Note 15 "*Subsequent Events*."

On August 29, 2025, the Company entered into a secured promissory note with Avondale pursuant to which the Company received \$1,750,000 less an original issue discount of \$350,000 and less \$5,000 of fees and expenses, for net funds provided of \$1,395,000. Pursuant to the secured promissory note, the Company is required to pay Avondale \$43,750 weekly until the \$1,750,000 secured promissory note with Avondale is paid in full. A portion of the net proceeds of the Avondale secured promissory note were used to satisfy the remaining amount to which Arin was entitled under the Arin II Agreement.

On May 21, 2025, we entered into an inducement letter agreement (the "Inducement Letter Agreement") with an institutional investor and holder of existing warrants to purchase up to 999,600 shares of our common stock for total proceeds of \$2.999 million. Maxim received an aggregate cash fee equal to 6.5% of the \$3.5 million in total proceeds received from the exercise of the Existing Warrants exercised in connection with the Inducement Letter Agreement. See Note 10 "*Stockholders' Equity (Deficit) And Stock-Based Compensation*."

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On May 14, 2025, we entered into a stock purchase agreement (the "SPA") with Streeterville Capital LLC ("Streeterville"), pursuant to which we issued 3,000 shares of Series B Preferred Stock, at a stated value of \$1,000 per share, to Streeterville, for the purchase price of \$3.0 million. Additionally, pursuant to the SPA, Streeterville shall purchase an additional 500 shares of Series B Preferred Stock, at a stated value of \$1,000 per share, on November 14, 2025.

On April 2, 2025, we entered into the Arin II Agreement with Arin, pursuant to which we agreed to sell \$2.0 million of future accounts receivable to Arin in exchange for a purchase price of \$1.5 million, less fees and expenses of \$65 thousand, for net funds provided of \$1.4 million. In connection with the Arin II Agreement, we negotiated with Cedar Advance LLC ("Cedar") to discount the outstanding balance under the standard merchant cash advance agreement entered into with Cedar, dated as of December 4, 2024 (the "Cedar III Agreement"), from \$1.4 million to \$1.3 million, in exchange for us agreeing to prepay the future amounts payable under the Cedar III Agreement. A portion of the net proceeds of the Arin II Agreement were used to satisfy the remaining amount to which Cedar was entitled under the Cedar III Agreement. Weekly, we are required to pay Arin 20.0% of all funds collected from customers for the sale of goods and services and Arin is authorized to withdraw \$63,750 of funds from our bank account until the total balance of \$2.0 million is repaid.

On February 14, 2025, we entered into the Arin I Agreement with Arin, pursuant to which the Company sold to Arin \$272 thousand of its future accounts receivable for a purchase price of \$200 thousand, less fees and expenses of \$10,000, for net funds provided of \$190 thousand. Pursuant to the Arin I Agreement, the Company is required to pay Arin 10.0% of all funds collected weekly from customers and Arin is expected to withdraw \$9,714 a week directly from the Company's bank account until the \$272 thousand due to Arin under the Arin I Agreement is paid in full.

On February 12, 2025, we advanced the Narayan d.o.o. and its subsidiaries (the "Narayan Group") \$193 thousand to support its operations and the Narayan Group issued a promissory note in favor of us in the principal amount of \$190 thousand. On February 19, 2025, we agreed to advance Narayan Group an additional \$199 thousand that was to be paid in weekly installments and the Narayan Group issued a promissory note in favor of us in the principal amount of \$199 thousand (the "second promissory note"). On June 3, 2025, we announced the decision not to proceed with the transaction contemplated under the letter of intent to purchase outstanding shares of Narayan Group and negotiations ceased. Prior to our decision not to proceed with the transaction, we had advanced the Narayan Group \$100 thousand under the second promissory note. The promissory notes accrued interest at a rate of 6.0% per annum until June 30, 2025, after which interest accrues at a rate of 10.0% per annum because the parties have not entered into a definitive agreement with respect to the proposed transaction. The Narayan Group is obligated to pay the outstanding principal and accrued interest in 12 equal monthly installments beginning on July 1, 2025. To date, the Narayan Group has not paid amounts due under the promissory notes and has defaulted on the repayment of the promissory notes.

On January 31, 2025, we entered into an Equity Distribution Agreement (the "2025 EDA") with Maxim, as sales agent, pursuant to which the Company may, from time to time, issue and sell shares of its common stock through Maxim in an at-the-market offering for an aggregate offering price of up to \$2.5 million. To date, we have received net proceeds of approximately \$1.759 million from the sale of common stock under the 2025 EDA after deducting Maxim's commission of 3.5% of the gross proceeds and other offering expenses. For more information on our outstanding debt as of September 30, 2025 and December 31, 2024, see Note 8 "Notes Payable."

Cash Flows

Operating activities

During the nine months ended September 30, 2025 and 2024, cash used for operating activities was \$9.1 million and \$6.8 million, respectively. The increase in cash used for operating activities was primarily driven by the increase in net loss and the reduction in accounts payable, and an increase in prepaid expense and other current assets.

Investing activities

During the nine months ended September 30, 2025 and 2024, cash used in investing activities was \$0.5 million and \$0.2 million, respectively. The decrease in cash used in investing activities is attributable to lower normal course of business purchases of property, equipment and leasehold improvements.

Financing activities

During the nine months ended September 30, 2025 and 2024, cash provided by financing activities was \$7.0 million and \$8.6 million, respectively. The \$1.6 million decrease in cash provided by financing activities was due to our repayment of outstanding debt and the lack of any public offerings of stock in 2025 as compared to 2024, offset by higher financing cash flows related to our May 2025 warrant inducement, the sale of \$3.0 million of our preferred stock and higher cash flows from our 2025 equity distribution agreement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this item.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2025 pursuant to Rule 13a-15 under the Exchange Act. Based on that evaluation, our Chief Executive Officer and Interim Chief Financial Officer have concluded that, as of September 30, 2025, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of September 30, 2025, at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be party to or otherwise involved in legal proceedings arising in the ordinary course of business. Management does not believe that there is any pending or threatened proceeding against us, which, if determined adversely, would have a material adverse effect on our business, results of operations or financial condition.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should consider the risks described in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2024. Except as set forth below, there have been no material changes from the risk factors previously disclosed in the Annual Report on Form 10-K. Any of these risks and uncertainties, including those discussed below, could materially and adversely affect our business, results of operations, financial condition, and/or the market price of our common stock. The risks described below and in our Annual Report on Form 10-K, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our financial condition and/or operating results.

There can be no assurance that our shares will continue to be listed on the Nasdaq Capital Market, which would affect our common stock's liquidity and reduce our ability to raise capital.

On October 21, 2024, we received a letter from the Staff of Nasdaq indicating that, based on the closing bid price of our common stock for 30 consecutive business days, we no longer met the Bid Price Rule. Under Nasdaq Listing Rule 5810(c)(3)(A)(iv), because we effected reverse stock splits in the last two years with a cumulative ratio greater than 250 shares to 1, we were not eligible for any compliance period to regain compliance with the Bid Price Rule. On January 14, 2025, we attended our hearing with Nasdaq and on February 12, 2025, we received the Notice from Nasdaq that a Nasdaq Hearings Panel granted an extension for us to regain compliance with the Bid Price Rule until March 31, 2025, subject to additional conditions outlined in the Notice. On April 8, 2025, we received a letter from Nasdaq confirming that we had regained compliance with the Bid Price Rule, however we will remain under a Nasdaq discretionary panel monitor until April 8, 2026.

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According to the Nasdaq Listing Rules, under the Nasdaq discretionary panel monitor, if we fail to satisfy a continued listing requirement during the one-year monitoring period: (i) we will not be permitted to present a compliance plan to the Staff, (ii) the Staff will not be permitted to grant any additional time for us to regain compliance with the deficiency, (iii) we will not be afforded an applicable cure or compliance period pursuant to Nasdaq Listing Rule 5810(c)(3), and (iv) the Staff will promptly issue a delisting determination.

There can be no assurance that we will be able to maintain compliance with all applicable criteria for continued listing on Nasdaq. If our common stock is delisted, our warrants will also be delisted. We and holders of our securities could be materially adversely impacted if our securities are delisted from Nasdaq. In particular:

- we may be unable to raise equity capital on acceptable terms or at all;
- we may lose the confidence of our customers, which would jeopardize our ability to continue our business as currently conducted;
- the price of our common stock will likely decrease as a result of the loss of market efficiencies associated with Nasdaq and the loss of federal preemption of state securities laws;
- holders may be unable to sell or purchase our securities when they wish to do so;
- we may become subject to stockholder litigation;
- we may lose the interest of institutional investors in our common stock;
- we may lose media and analyst coverage;
- our common stock could be considered a "penny stock," which would likely limit the level of trading activity in the secondary market for our common stock; and
- we would likely lose any active trading market for our common stock, as it may only be traded on one of the over-the-counter markets, if at all.

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

On July 8, 2025, we issued 154 shares of Series B Preferred Stock to Streeterville Capital, LLC as payment of the quarterly preferred return owed to the holder of the Series B Preferred Stock. This issuance was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act as a transaction not involving a public offering.

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated by Reference		
		Form	File No.	Filing Date
3.1	Amended and Restated Certificate of Designation of Series B Preferred Stock, filed August 13, 2025.	8-K	001-41371	August 14, 2025
4.1	Form of Warrant dated October 16, 2025.	8-K	001-41371	October 16, 2025
10.1#	Note Purchase Agreement, by and between Edible Garden AG Incorporated and Avondale Capital, LLC, dated as of August 29, 2025.	8-K	001-41371	September 5, 2025
10.2	Secured Promissory Note, by and between Edible Garden AG Incorporated and Avondale Capital, LLC, effective as of August 29, 2025.	8-K	001-41371	September 5, 2025
10.3	Security Agreement, by and between Edible Garden AG Incorporated and Avondale Capital, LLC, dated as of August 29, 2025.	8-K	001-41371	September 5, 2025
10.4	Edible Garden AG Incorporated Amended and Restated 2022 Equity Incentive Plan.	8-K	001-41371	September 25, 2025
10.5+	Edible Garden AG Incorporated 2025 Officer and Director Equity Incentive Plan.	8-K	001-41371	September 25, 2025
10.6	Form of Inducement Letter Agreement dated October 16, 2025.	8-K	001-41371	October 16, 2025
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			Filed herewith
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			Furnished herewith
101	Materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in Extensible Business Reporting Language (XBRL); (i) Unaudited Consolidated Balance Sheet, (ii) Unaudited Consolidated Statements of Operations, (iii) Unaudited Consolidated Statements of Cash Flows, (iv) Unaudited Consolidated Statements of Stockholders' Deficit, and (v) related Notes to Consolidated Financial Statements.			Filed herewith
104	Cover Page Interactive Data File (included in Exhibit 101).			Filed herewith
#	Schedules and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish a copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.			
+	Management contract or compensatory arrangement.			

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.

EDIBLE GARDEN AG INCORPORATED

By: /s/ James E. Kras
James E. Kras
Chief Executive Officer and President
(principal executive officer)

By: /s/ Kostas Dafoulas
Kostas Dafoulas
Interim Chief Financial Officer
(principal financial and accounting officer)

Date: November 14, 2025

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James E. Kras, certify that:

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

Date: November 14, 2025

/s/ James E. Kras

James E. Kras
President and Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kostas Dafoulas, certify that:

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

Date: November 14, 2025

/s/ Kostas Dafoulas

Kostas Dafoulas

Interim Chief Financial Officer

**Certification pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

James E. Kras, President and Chief Executive Officer, and Kostas Dafoulas, Interim Chief Financial Officer of Edible Garden AG Incorporated (the "Company"), each certify in his capacity as an officer of the Company that he has reviewed the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2025 (the "Report") and that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2025

/s/ James E. Kras

James E. Kras
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2025

/s/ Kostas Dafoulas

Kostas Dafoulas
Interim Chief Financial Officer
(Principal Financial Officer)

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.