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ARTELO BIOSCIENCES, INC.

FORM 10-Q
(Quarterly Report)

Filed 11/12/26 for the Period Ending 09/30/26

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **September 30, 2026**

or

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

For the transition period from _____ to _____

Commission File Number: **001-38951**

ARTELO BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Nevada	**33-1220924**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
505 Lomas Santa Fe, Suite 160, Solana Beach, CA USA	**92075**
(Address of principal executive offices)	(Zip Code)

(858) 925-7049
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	**ARTL**	**The Nasdaq Stock Market, LLC**

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

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

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

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

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

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

The registrant had 937,177 shares of common stock issued and outstanding as of November 11, 2026.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Artelo Biosciences, Inc.
Condensed Consolidated Financial Statements (Unaudited)

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ARTELO BIOSCIENCES, INC.
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands, except share data)

	September 30, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,437	$ 600
Prepaid expenses and other current assets	159	95
Total Current Assets	4,596	695
Operating lease right-of-use assets	37	64
Intangible asset	2,039	2,039
Other assets	3	3
TOTAL ASSETS	$ 6,675	$ 2,801
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 284	$ 3,035
Due to related parties	115	345
Operating lease liabilities - current portion	40	40
Accrued interest - convertible notes	-	11
Accrued interest - convertible notes - related party	-	4
Convertible notes	-	437
Convertible notes - related party	-	172
Total Current Liabilities	439	4,044
Operating lease liabilities	-	29
TOTAL LIABILITIES	439	4,073
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred Stock, par value $0.001, 23,148 shares authorized, 0 shares issued and outstanding as of September 30, 2026, and December 31, 2025	-	-
Common Stock, par value $0.001, 55,555,556 shares authorized and 937,177 and 74,779 shares issued and outstanding as of September 30, 2026, and December 31, 2025, respectively	1	-
Additional paid-in capital	76,645	62,015
Accumulated deficit	(70,168)	(63,015)
Accumulated other comprehensive loss	(242)	(272)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	6,236	(1,272)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,675	$ 2,801

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

ARTELO BIOSCIENCES, INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands, except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
OPERATING EXPENSES				
General and administrative	$ 989	$ 1,814	$ 4,534	$ 4,088
Research and development	803	1,275	2,452	4,530
Total Operating Expenses	1,792	3,089	6,986	8,618
Loss from Operations	(1,792)	(3,089)	(6,986)	(8,618)
OTHER INCOME (EXPENSE)				
Interest income	24	5	67	13
Interest expense	-	(111)	(106)	(183)
Interest expense - related party	-	-	(24)	-
Net change in fair value of derivative liability	-	-	(146)	-
Gain (loss) on extinguishment of debt	-	-	42	-
Net change in fair value of digital assets	-	75	-	75
Total Other Income (Expense)	24	(31)	(167)	(95)
NET LOSS	$ (1,768)	$ (3,120)	$ (7,153)	$ (8,713)
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation adjustments	-	18	30	(75)
Total Other Comprehensive Income (Loss)	-	18	30	(75)
TOTAL COMPREHENSIVE LOSS	$ (1,768)	$ (3,102)	$ (7,123)	$ (8,788)
Basic and Diluted Loss per Common Share	$ (3.19)	$ (88.80)	$ (19.48)	$ (337.03)
Basic and Diluted Weighted Average Common Shares Outstanding	554,197	35,136	367,161	25,852

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

ARTELO BIOSCIENCES, INC.
Condensed Consolidated Statements of Stockholders' Equity (Deficit)
(Unaudited)
(In thousands, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total
	Shares	Amount				
Balance, December 31, 2025	74,779	$ -	$ 62,015	$ (63,015)	$ (272)	$ (1,272)
Reverse split adjustment	3,085	-	-	-	-	-
Common shares issued as a fee in equity purchase agreement	3,927	-	145	-	-	145
Common shares issued for cash, net of issuance costs	9,000	-	10,033	-	-	10,033
Warrants exercised	4,282	-	234	-	-	234
Conversion of convertible notes to common stock	2,264	-	208	-	-	208
Stock based compensation	-	-	256	-	-	256
Net loss for the period	-	-	-	(2,958)	-	(2,958)
Other comprehensive income	-	-	-	-	26	26
Balance, March 31, 2026	97,337	$ -	$ 72,891	$ (65,973)	$ (246)	$ 6,672
Common shares issued as a fee in an equity purchase agreement	6,900	-	355	-	-	355
Common shares issued for cash, net of issuance costs	15,873	-	174	-	-	174
Warrants exercised	345,268	-	3	-	-	3
Stock based compensation	-	-	216	-	-	216
Net loss for the period	-	-	-	(2,427)	-	(2,427)
Other comprehensive income	-	-	-	-	4	4
Balance, June 30, 2026	465,378	$ -	$ 73,639	$ (68,400)	$ (242)	$ 4,997
Reverse split adjustment	55,610	-	-	-	-	-
Common shares issued for cash, net of issuance costs	416,189	1	2,861	-	-	2,862
Stock based compensation	-	-	145	-	-	145
Net loss for the period	-	-	-	(1,768)	-	(1,768)
Other comprehensive loss	-	-	-	-	-	-
Balance, September 30, 2026	937,177	$ 1	$ 76,645	$ (70,168)	$ (242)	$ 6,236

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total
	Shares	Amount				
Balance, December 31, 2024	21,022	$ -	$ 53,194	$ (50,136)	$ (202)	$ 2,856
Stock based compensation	-	-	192	-	-	192
Net loss for the period	-	-	-	(2,372)	-	(2,372)
Other comprehensive loss	-	-	-	-	(25)	(25)
Balance, March 31, 2025	21,022	$ -	$ 53,386	$ (52,508)	$ (227)	$ 651
Common shares issued for cash, net of issuance costs	5,068	-	1,081	-	-	1,081
Stock based compensation	-	-	150	-	-	150
Net loss for the period	-	-	-	(3,221)	-	(3,221)
Other comprehensive loss	-	-	-	-	(68)	(68)
Balance, June 30, 2025	26,090	$ -	$ 54,617	$ (55,729)	$ (295)	$ (1,407)
Common shares issued for cash, net of issuance costs	29,281	-	3,310	-	-	3,310
Warrants exercised	2,240	-	132	-	-	132
Stock based compensation	-	-	432	-	-	432
Net loss for the period	-	-	-	(3,120)	-	(3,120)
Other comprehensive income	-	-	-	-	18	18
Balance, September 30, 2025	57,611	$ -	$ 58,491	$ (58,849)	$ (277)	$ (635)

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

ARTELO BIOSCIENCES, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine months ended September 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (7,153)	$ (8,713)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	617	774
Net change in fair value of derivative liabilities	146	-
Net change in fair value of digital assets	-	(75)
Non-cash lease expense	28	26
Gain on extinguishment of debt	(42)	-
Common shares issued as commitment fee	500	-
Amortization of debt discounts and debt issuance costs	84	137
Amortization of debt discounts and debt issuance costs - related party	24	-
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(65)	111
Accounts payable and accrued liabilities	(2,761)	2,140
Accounts payable - related parties	(221)	(29)
Accrued interest	15	46
Accrued interest - related party	8	-
Fixed cash payments related to operating leases	(29)	(26)
Net cash used in operating activities	(8,849)	(5,609)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of digital assets	-	(250)
Net cash used in investing activities	-	(250)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares for cash, net	13,069	4,391
Proceeds from issuance of convertible notes, net	593	737
Proceeds from exercise of warrants	237	132
Repayment of convertible notes	(1,035)	-
Repayment of convertible notes - related parties	(207)	-
Net cash provided by financing activities	12,657	5,260
Effect of exchange rate changes on cash	29	(19)
Net change in cash and cash equivalents	3,837	(618)
Cash and cash equivalents - beginning of period	600	2,338
Cash and cash equivalents - end of period	$ 4,437	$ 1,720
Supplemental Cash Flow Information		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Conversion of convertible notes to common stock	$ 208	$ -
Common shares issued as commitment fee	$ 500	$ -

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

ARTELO BIOSCIENCES, INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
(In thousands, except share and per share data)

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Artelo Biosciences, Inc. ("we", "us", "our", the "Company") is a Nevada corporation incorporated on May 2, 2011, and based in Solana Beach, California. The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"), and the Company's fiscal year end is December 31.

The Company has registered wholly owned subsidiaries in Ireland (Trinity Reliant Ventures Limited), in the United Kingdom (Artelo Biosciences Limited), and in Canada (Artelo Biosciences Corporation). On January 8, 2020, the United Kingdom subsidiary changed its name from Trinity Research and Development Limited to Artelo Biosciences Limited. Operations in the subsidiaries have been consolidated in the financial statements.

The Company is a clinical stage biopharmaceutical company focused on developing therapeutics that target lipid-signaling pathways, including treatments intended to modulate the endocannabinoid system (the "ECS"), a family of receptors and neurotransmitters that form a biochemical communication network throughout the body.

Going Concern

The Company has incurred losses since inception and incurred a net loss of $7,153 during the nine months ended September 30, 2026. As of September 30, 2026, we had cash and cash equivalents of $4,437.

On March 27, 2026, the Company entered into a securities purchase agreement with certain accredited investors (the "Purchasers"), pursuant to which the Company agreed to issue and sell, in a private placement offering: (i) 9,000 shares (the "Shares") of the Company's common stock, par value $0.001 per share, at $31.05 per share, (ii) pre-funded warrants to purchase 345,268 shares of common stock at an exercise price of $0.009 per share (the "Pre-Funded Warrants"), and (iii) warrants to purchase 708,536 shares of common stock at an exercise price of $28.80 per share (the "Common Warrants"). The Pre-Funded Warrants and the Common Warrants are collectively referred to herein as the "Warrants" and the shares issuable upon such Warrants, the "Warrant Shares." Each Share or, at the election of the Purchaser in lieu of Shares, each Pre-Funded Warrant was issued and sold along with two Common Warrants. The combined purchase price for the securities was (i) $31.05 per Share and two Common Warrants, and (ii) $31.041 per Pre-Funded Warrant and two Common Warrants. The offering closed on March 30, 2026. The Pre-Funded Warrants were exercisable immediately and could be exercised at any time until all of the Pre-Funded Warrants were exercised in full, subject to the Beneficial Ownership Limitation described below. The Common Warrants are exercisable immediately and have a term of five and one-half years from the effective date of the initial registration statement registering the Warrant Shares, subject to the Beneficial Ownership Limitation described below. The exclusive placement agent (the "Placement Agent") in connection with the offering received a cash fee equal to 8.0% of the aggregate gross proceeds and reimbursement of certain expenses. Upon the exercise for cash of the Warrants, the Company shall pay the Placement Agent a cash fee of 8.0% of the aggregate gross exercise price paid in cash with respect thereto. In addition, the Company issued to designees of the Placement Agent warrants to purchase 28,344 shares of common stock at an exercise price of $38.8125 per share, which have the same terms as the Common Warrants other than the exercise price. The gross proceeds from the offering, before deducting Placement Agent fees and other offering expenses payable by the Company, were $10,997 (or up to approximately $31,400 in gross proceeds if the Warrants are fully exercised for cash). The net proceeds of $10,033 from the offering were used for working capital, general corporate purposes and the repayment of certain bridge debt. The Common Warrants may only be exercised on a cashless basis if, after six months from the issuance date of the Common Warrants, there is no registration statement registering, or the prospectus contained therein is not available for, the resale of the shares of common stock underlying the Common Warrants to the holder. A holder of a Warrant may not exercise any such Warrant to the extent that such exercise would result in the number of shares of common stock beneficially owned by such holder and its affiliates exceeding 4.99% or 9.99% (at the election of the holder) of the total number of shares of common stock outstanding immediately after giving effect to the exercise, which percentage may be increased or decreased at the holder's election not to exceed 9.99% (the "Beneficial Ownership Limitation").

In May 2026, the Company filed a $75,000 in aggregate value shelf registration statement on Form S-3 which became effective on May 19, 2026. The shelf registration statement is effective for three years and permits the Company to sell, from time to time, up to $75,000 of the Company's common stock, preferred stock, debt securities, warrants, and/or units subject to a limit of one-third (1/3) of the Company's public float within a twelve (12) month period if the public float of the Company is less than $75,000 as of relevant measurement dates under applicable securities laws.

On May 26, 2026, the Company entered into an At The Market Offering Agreement (the "Sales Agreement") with H.C. Wainwright & Co., LLC (the "Sales Agent") to create an at-the-market equity program under which it may sell up to an aggregate of $6,530 of shares of the Company's common stock, par value $0.001 per share (the "Shares"), from time to time through the Sales Agent, subject to any applicable limits when using Form S-3 (the "ATM Offering"). The Company will pay the Sales Agent commissions, in cash, for its services in acting as agent in the sale of the Shares. The Sales Agent will be entitled to compensation at a commission rate of 3.0% of the gross sales price per share of common stock sold. The Company will also reimburse the Sales Agent for certain specified expenses in connection with the Sales Agreement. The Sales Agreement contains customary representations, warranties and agreements by the Company, indemnification obligations of the Company and the Sales Agent, other obligations of the parties and termination provisions. The Company has no obligation to sell any of the Shares and may at any time suspend offers under the Sales Agreement. The ATM Offering will terminate upon the earlier of (i) the sale of all shares of the Company's common stock subject to the Sales Agreement or (ii) termination of the Sales Agreement as permitted therein. The Company may terminate the Sales Agreement at any time upon ten (10) business days' prior written notice to the Sales Agent. The Sales Agent may terminate the Sales Agreement at any time upon prior written notice to the Company. As of September 30, 2026, in accordance with the Sales Agreement we have issued a total of 432,062 shares of our common stock with net proceeds of $3,037.

To continue operations, the Company will be required to raise additional funds by completing additional equity or debt offerings or licensing our product candidates within the next twelve months. There can be no assurance that the Company will be successful in acquiring additional funding, that the Company's projections of its future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years. These conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the condensed consolidated financial statements are issued. The accompanying condensed consolidated financial statements do not include any adjustments to reflect the future effects on the recoverability and classification of assets or the amounts and classification of liabilities if the Company is unable to continue as a going concern.

Negative Global or National Events

Businesses have been and will continue to be impacted by a number of challenging global and national events and circumstances that continue to evolve, including conflicts in Eastern Europe, the Middle East and in other areas, constraints on energy supplies, tariffs, trade disputes, extreme weather conditions, increased economic uncertainty, inflation, interest rate fluctuation, and any potential future financial institution failures. The extent of the impact of these events and circumstances on our business, operations and development timelines and plans remains uncertain, and will depend on certain developments, including the duration and scope of the events and their impact on our development activities, third-party manufacturers, and other third parties with whom we do business, as well as its impact on regulatory authorities and our key scientific and management personnel. We have been and continue to actively monitor the potential impacts that these various events and circumstances may have on our business, and we take steps, where warranted, to minimize any potential negative impacts on our business resulting from these events and circumstances. The ultimate impact of these global and national events and circumstances, either individually or in aggregate, is highly uncertain and subject to change.

Reverse Stock Splits

On June 11, 2025, the Company filed with the Secretary of State of the State of Nevada a Certificate of Change Pursuant to Nevada Revised Statutes 78.209 to effect a one-for-six (1-for-6) reverse stock split affecting both the authorized and issued and outstanding amounts of its common stock and preferred stock. The reverse stock split was effective as of 12:01 a.m. Eastern Time on June 13, 2025. These condensed consolidated financial statements reflect the impact of this reverse stock split. As a result of the reverse stock split occurring on June 13, 2025, each six (6) pre-split shares of common stock outstanding were automatically combined into one (1) new share of common stock without any action on the part of the holders, and the number of outstanding shares of common stock was reduced from 3,280,000 to approximately 546,667. The number of authorized shares of common stock was reduced from 50,000,000 to 8,333,333, while the number of authorized shares of preferred stock was reduced from 416,667 to 69,444. On August 28, 2025, the Company held a special meeting of stockholders in which the shareholders voted to increase the authorized number of shares of common stock from 8,333,333 shares to 500,000,000 shares.

On March 5, 2026, the Company filed with the Secretary of State of the State of Nevada a Certificate of Change Pursuant to Nevada Revised Statutes 78.209 to effect a one-for-three (1-for-3) reverse stock split affecting both the authorized and issued and outstanding amounts of its common stock and preferred stock. The reverse stock split was effective as of 12:01 a.m. Eastern Time on March 10, 2026. These condensed consolidated financial statements reflect the impact of this reverse stock split. As a result of the reverse stock split occurring on March 10, 2026, each three (3) pre-split shares of common stock outstanding were automatically combined into one (1) new share of common stock without any action on the part of the holders, and the number of outstanding shares of common stock was reduced from 2,018,746 to approximately 673,008. The number of authorized shares of common stock was reduced from 500,000,000 to 166,666,667, while the number of authorized shares of preferred stock was reduced from 69,444 to 23,148. On July 17, 2026, the Company held its annual meeting at which the shareholders voted to increase the authorized number of shares of common stock from 166,666,667 shares to 500,000,000 shares.

On August 26, 2026, the Company filed with the Secretary of State of the State of Nevada a Certificate of Change Pursuant to Nevada Revised Statutes 78.209 to effect a one-for-nine (1-for-9) reverse stock split affecting both the authorized and issued and outstanding amounts of its common stock. The reverse stock split became effective at 5:00 p.m. Eastern Time on August 28, 2026. These condensed consolidated financial statements reflect the impact of this reverse stock split. As a result of the reverse stock split occurring on August 28, 2026, each nine (9) pre-split shares of common stock outstanding were automatically combined into one (1) new share of common stock without any action on the part of the holders, and the number of outstanding shares of common stock was reduced from 4,929,966 to approximately 603,396. The number of authorized shares of common stock was reduced from 500,000,000 to 55,555,556. The authorized shares of preferred stock were not reduced and remain at 23,148.

The share amounts described above with respect to the June 2025 and March 2026 reverse stock splits are presented as they were at the time of each respective reverse stock split and have not been adjusted for subsequent reverse stock splits.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepares its financial statements in accordance with rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) and GAAP in the United States of America. The accompanying interim financial statements have been prepared in accordance with GAAP for interim financial information in accordance with Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the Company’s opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2026, are not necessarily indicative of the results for the full year. Management of the Company believes that the disclosures presented herein are adequate and not misleading. These interim financial statements should be read in conjunction with the audited financial statements and the footnotes for the year ended December 31, 2025, included in the Company’s Form 10-K filed with the SEC on February 24, 2026, as updated on Form 8-K filed with the SEC on March 17, 2026.

All amounts in these financial statements, notes and tables have been rounded to the nearest thousand dollars, except share and per share amounts, unless otherwise indicated.

Basis of Consolidation

The financial statements have been prepared on a consolidated basis, including the Company's wholly owned subsidiaries, Trinity Reliant Ventures Limited, Artelo Biosciences Limited and Artelo Biosciences Corporation. All intercompany transactions and balances have been eliminated.

Research and Development ("R&D")

R&D expenses consist primarily of costs related to clinical studies and outside services, personnel expenses, and R&D consultants. Clinical studies and outside services costs relate primarily to services performed by clinical research organizations associated with clinical trials and related clinical or development activities, manufacturing costs, materials, and supplies, filing fees, regulatory support, and other third-party fees. Personnel expenses relate primarily to salaries and benefits. R&D expenditures are charged to operations as incurred.

The Company recognizes R&D tax credits when received from the United Kingdom government for spending on R&D as an offset of R&D expenses. The Company received R&D tax credits of $0 and $704 during the nine months ended September 30, 2026, and 2025, respectively.

Cash and Cash Equivalents

Cash and cash equivalents may include cash in banks, money market funds, commercial paper, and certificates of term deposits with maturities of less than three months from inception, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of loss in value. The Company had $4,437 and $600 in cash and cash equivalents as of September 30, 2026, and December 31, 2025, respectively.

Periodically, the Company may carry cash balances at financial institutions more than the federally insured limit of $250 per institution. The amount in excess of the Federal Deposit Insurance Corporation insurance as of September 30, 2026, was approximately $4,187. The Company has not experienced losses on these accounts and management believes, based upon the quality of the financial institutions, that the credit risk with regard to these deposits is not significant.

Marketable Securities

Investments in debt securities are carried at fair value. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Realized and unrealized gains and losses on trading debt securities are charged to income and unrealized gains and losses on available-for-sale debt securities are included in other comprehensive income or loss. The Company did not hold any marketable securities as of September 30, 2026, and December 31, 2025.

Intangible Assets

The Company capitalizes certain costs related to the acquisition of intangible assets. If such assets are determined to have a finite useful life they are amortized on a straight-line basis over the estimated useful life. Intangible assets related to product candidates that have not yet received regulatory approval are considered indefinite-lived and are not amortized.

The Company tests its intangible assets for impairment at least annually and whenever events or circumstances change that indicate impairment may have occurred. For indefinite-lived intangible assets, an impairment loss is recognized for the amount by which the carrying amount exceeds fair value. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others and without limitation: a significant decline in the Company's expected future cash flows; a sustained, significant decline in the Company's stock price and market capitalization; a significant adverse change in legal factors or in the business climate of the Company's segments; unanticipated competition; and slower growth rates. The Company determined that there was no impairment of its intangible assets as of September 30, 2026, and December 31, 2025.

Foreign Currency Transactions

The Company has operations outside of the United States, which results in exposure to market risks from changes in foreign currency rates. The financial risk arises from the fluctuations in foreign exchange rates and the degrees of volatility in these rates. Currently the Company does not use derivative instruments to reduce its exposure to foreign currency risk. Nonmonetary assets and liabilities are translated at historical rates and monetary assets and liabilities are translated at exchange rates in effect at the end of the period. Revenues and expenses are translated at average rates for the period. Gains and losses from translation of foreign currency financial statements into U.S. dollars are included as other comprehensive income.

Financial Instruments

The Company follows ASU 2022-03, ASC Subtopic "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" ("ASC 820"), which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The carrying amounts shown of the Company's financial instruments including cash and cash equivalents and accounts payable approximate fair value due to the short-term maturities of these instruments.

Stock-Based Compensation

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of stock option awards at the date of grant, which requires the input of highly subjective assumptions, including expected volatility and expected life. Changes in these inputs and assumptions can materially affect the measure of estimated fair value of our share-based compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. When estimating fair value, some of the assumptions will be based on, or determined from, external data and other assumptions may be derived from our historical experience with stock-based payment arrangements. The appropriate weight to place on historical experience is a matter of judgment, based on relevant facts and circumstances. The Company accounts for forfeitures of stock options as they occur.

Net Loss per Share of Common Stock

Basic earnings per share ("EPS") is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method and as if converted method. Dilutive potential common shares include outstanding stock options and warrants. Shares of common stock issuable upon the exercise of pre-funded warrants for little or no consideration are considered outstanding in accordance with ASC 260-10-45-13 and are included in the weighted average number of shares used to compute basic and diluted net loss per share from the date of issuance.

For the nine months ended September 30, 2026, and 2025, the following common stock equivalents were excluded from the computation of diluted net loss per share as the result was anti-dilutive.

	September 30, 2026	September 30, 2025
Stock options	22,902	8,439
Warrants	784,424	27,633
	807,326	36,072

Segment Reporting

Operating segments are defined as components of an enterprise about which separate and discrete information is available for evaluation by the chief operating decision-maker ("CODM") in deciding how to allocate resources and assess performance. The Company's CODM is its chief executive officer. The Company's CODM evaluates the Company's operations and manages its business as a single operating segment. All of the Company's long-lived assets are held in the United States. Refer to Note 3 for the Company's disclosure on its single operating segment.

New Accounting Standards Adopted

There were no new accounting standards adopted during the three and nine months ended September 30, 2026.

New Accounting Standards Issued Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. ASU 2024-03 requires public business entities to disclose, in the notes to the financial statements, disaggregated information about specified categories of expenses—including (i) purchases of inventory, (ii) employee compensation, (iii) depreciation, (iv) intangible asset amortization, and (v) depletion—that are included within each relevant expense caption presented on the face of the income statement. The amendments also require disclosure of the total amount of selling expenses and, in annual reporting periods, the Company's definition of selling expenses. In January 2025, the FASB issued ASU No. 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, which clarified that ASU 2024-03 is effective for the Company for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied prospectively to financial statements issued for reporting periods after the effective date or retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact that the adoption of ASU 2024-03 will have on the disclosures within its condensed consolidated financial statements but does not believe the impact will be significant as employee compensation is the only expense that will need to be disaggregated.

NOTE 3 – SEGMENT REPORTING

Operating segments are comprised of the components of an entity in which separate information is available for evaluation by the Company's CODM, or group of decision makers, in determining how to allocate resources in evaluating performance. The Company consists of a single reporting segment: life science. The life science segment is comprised of the Company's development of therapeutics that target lipid-signaling modulation pathways, including the ECS, a network of receptors and neurotransmitters that form a biochemical communication system throughout the body. The Company's CODM is its chief executive officer.

The accounting policies of the life science segment are as described in the summary of significant accounting policies. The CODM evaluates the performance of the life science segment based on the Company's net loss as reported on the income statement as consolidated net loss. The Company's segment assets are reported on the balance sheet as its total consolidated assets.

The Company has not generated any revenue since its inception and expects to continue to incur losses into the foreseeable future as it continues to conduct research and development related activities through all stages of product development and clinical trials and subsequently seek approval from the respective regulatory authorities. The Company's CODM utilizes cash forecast models to determine the Company's investment in the life sciences segment. These models of segment expenses are reviewed by the CODM regularly to monitor the Company's operating results and performance and compared to the Company's cash-based forecasts.

	Three months ended September 30,	
	2026	2025
General and administrative		
Employee and director compensation	$ 273	$ 229
Stock-based compensation	92	244
Professional fees	348	1,013
Other general and administrative [(a)]	276	328
Total general and administrative	$ 989	$ 1,814

	Nine months ended September 30,	
	2026	2025
General and administrative		
Employee and director compensation	$ 909	$ 700
Stock-based compensation	380	443
Professional fees	2,360	2,050
Other general and administrative [(a)]	885	895
Total general and administrative	$ 4,534	$ 4,088

	Three months ended September 30,	
	2026	2025
Research and development		
Employee compensation	$ 265	$ 267
Stock-based compensation	53	188
Professional fees	268	262
Other research and development [(b)]	217	558
Total research and development	$ 803	$ 1,275

	Nine months ended September 30,	
	2026	2025
Research and development		
Employee compensation	$ 821	$ 743
Stock-based compensation	237	331
Professional fees	748	3,466
Other research and development [b]	646	(10)
Total research and development	$ 2,452	$ 4,530

(a) Consists of investor relations, travel and other office expenses.
(b) Consists of supplies, other items used in research and development activities, and U.K. government tax credits.

NOTE 4 – RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2026, and 2025, a company owned by the Senior Vice President, European Operations, provided consulting services totaling $16 and $14, respectively. As of September 30, 2026, and December 31, 2025, there was $5 and $3, outstanding, respectively.

During the nine months ended September 30, 2026, and 2025, a company significantly influenced by a director of a subsidiary of the Company provided professional services totaling $95 and $71, respectively. As of September 30, 2026, and December 31, 2025, there was $17 and $8 outstanding, respectively.

During the nine months ended September 30, 2026, and 2025, a company controlled by a director of a subsidiary of the Company provided professional services totaling $72 and $55, respectively. As of September 30, 2026, and December 31, 2025, there was $10 and $0 outstanding, respectively.

As of September 30, 2026, and December 31, 2025, there was $83 and $333, respectively, payable to directors of the Company for unpaid board compensation.

NOTE 5 – CONVERTIBLE NOTES

March 2026 Notes

During March 2026, the Company issued three unsecured promissory notes to third-party lenders, two having one-time interest charges of 12% and the other bearing interest at 10% per annum and containing variable-rate embedded conversion features. The notes were issued for aggregate gross proceeds of $610 against aggregate face amounts of $665, resulting in aggregate original issue discount (“OID”) of $55. Under ASC 815-15, the embedded conversion features of all three notes were bifurcated as derivative liabilities at inception (see Note 6). Set out below are the terms of each note:

Boot Capital LLC Note

- The note had a one-time interest charge of 12%.
- Interest and principal were payable in monthly installments commencing September 15, 2026 (first scheduled payment date), with $63 due on such date followed by four payments of $16 due on the 15th of each month through January 2027.
- The Holder may have elected to convert any or all amounts outstanding upon an Event of Default. The conversion price equals 75% of the lowest closing bid price of the Company’s common stock during the 10 Trading Days preceding the conversion date, subject to a floor of $0.125 per share.
- Upon an Event of Default, the outstanding balance would become 150% of the then-outstanding principal plus accrued interest, and default interest accrued at 22% per annum.

Vanquish Funding Group Inc. Note

- The note had a one-time interest charge of 12%.
- Interest and principal were payable in monthly installments commencing September 15, 2026 (first scheduled payment date), with $133 due on such date followed by four payments of $33 due on the 15th of each month through January 2027.
- The Holder may have elected to convert upon an Event of Default. Conversion price equals 75% of the lowest closing bid price in the 10-Trading-Day lookback window, subject to a $0.125 floor.
- Upon an Event of Default, the outstanding balance would become 150% of the then-outstanding principal plus accrued interest, and default interest accrues at 22% per annum.

Labrys Fund II, L.P. Note

- The note bore interest at 10%.
- Principal and accrued interest of $347 were payable in a single payment at maturity on March 20, 2027. There were no scheduled interim payments.
- Beginning on September 16, 2026 (Day 181 from issuance), and regardless of whether any Event of Default has occurred, the Holder may have elected at any time to convert any portion of the outstanding balance into shares of the Company's common stock. This time-based conversion right represented a fundamental difference from the Boot Capital and Vanquish notes, in which the conversion right is contingent upon an Event of Default.
- Conversion price was equal to 75% of the average of the two (2) lowest closing bid prices of the Company's common stock during the 10 Trading Days preceding the conversion date. The Holder may have deducted $2 per conversion notice from the conversion amount.
- Upon an Event of Default, the outstanding balance would become 150% of the then-outstanding principal plus accrued interest, and default interest accrues at 22% per annum. A default would not expand the conversion right, which would already be fully available after Day 181.

At inception, each note was recorded at its face amount as a liability, with a corresponding contra-liability debt discount comprising (i) the OID and (ii) the fair value of the bifurcated embedded derivative allocated from the proceeds. The debt discount is amortized to interest expense over the term of each note using the effective interest method ("EIM") for the Boot Capital and Vanquish notes, and the straight-line method for the Labrys Fund II note (see Note 6).

The following represents the movement of the value of the March 2026 notes during the nine months ended September 30, 2026:

	Boot Capital LLC	Vanquish Funding Group Inc.	Labrys Fund II, L.P.	Total
Face amount	$ 113	$ 237	$ 315	$ 665
Less: Debt discount at inception				
OID Discount	(13)	(27)	(15)	(55)
Derivative allocation	(46)	(98)	(292)	(436)
Debt issuance costs	-	(10)	(8)	(18)
Initial carrying value	54	102	0	156
Amortization	5	10	9	24
Settlement	(59)	(112)	(9)	(180)
Carrying value, September 30, 2026	$ -	$ -	$ -	$ -

On April 2, 2026, the March 2026 Notes were settled in full for consideration of $720; a gain on the extinguishment of debt of $42 was recorded in the quarter ended June 30, 2026.

May 2025 Notes

Between April 27, 2025, and May 1, 2025, the Company entered into subscription agreements with various investors, pursuant to which the Company issued convertible notes (the "Notes") to the investors in an aggregate principal amount of $900 (collectively, the "Notes Offering"). A portion of the Notes was convertible into shares of the Company's common stock, at the election of each investor, pursuant to the Voluntary Conversion (defined below) and the remaining portion of each Note was to be converted into warrants to purchase shares of the Company's common stock. The sale and issuance of the Notes closed on May 1, 2025.

At the Maturity Date (defined below), the investor had the ability (at the investor's sole option) to convert all of that certain unpaid portion of principal and accrued interest of the investor's Note into shares of common stock (the "Voluntary Conversion"), specifically into that number of shares of common stock (the "Converted Shares") equal to the unpaid principal balance and any accrued interest of each Note divided by $208.98. The amount of principal balance and any accrued interest of each Note convertible pursuant to the Voluntary Conversion was equal to the number of Converted Shares multiplied by $168.48. Should the investor not elect Voluntary Conversion, such portion of the unpaid principal balance and any accrued interest of each Note subject to Voluntary Conversion would become immediately due and payable in cash.

The Notes accrued interest at a rate of 12% per annum, which would have adjusted to 20% upon an Event of Default (as defined in the Notes). All unpaid principal, together with any then unpaid and accrued interest and other amounts payable thereunder, became due and payable 180 days after the closing of the Notes Offering (the "Maturity Date"). Upon the closing of the Notes, the Company recorded deferred debt costs of $163 associated with transaction costs of the Notes.

Effective October 28, 2025, the Company entered into an agreement pursuant to which it issued and sold to certain investors, and the investors purchased (by converting all or a portion of the unconverted portion of unpaid principal balance and accrued interest due to such investors upon the maturity of the convertible promissory notes issued to the investors on May 1, 2025): (i) convertible notes in an aggregate principal amount of $692, of which $195 was for related parties; (ii) warrants to purchase an aggregate of 16,230 shares of the Company's common stock, par value $0.001 per share, at an exercise price of $91.80 per share; and (iii) warrants to purchase an aggregate of 9,130 shares of the Company's common stock, par value $0.001 per share, at an exercise price of $168.48 per share. The notes accrued interest at a rate of 12% per annum. All unpaid principal, together with any then unpaid and accrued interest and other amounts payable thereunder, was due and payable 180 days after the effective date. At any time prior to the Maturity Date, all or any portion of the outstanding principal amount of the Notes, together with the accrued and unpaid interest, could be convertible, in whole or in part, into shares of common stock, at a conversion price of $91.80. Each warrant is immediately exercisable after issuance for five (5) years. The Company accounted for this transaction as an extinguishment of debt in accordance with ASC 470, Debt, and realized a loss on the extinguishment of debt of $1,158 during the year ended December 31, 2025, of which $333 was from related parties.

The Company utilizes the Black-Scholes model to value its warrants. During the year ended December 31, 2025, the Company utilized the following assumptions to value the warrants associated with the May 2025 Notes:

	Year Ended December 31, 2025
Expected term	2.50 years
Expected average volatility	105%
Expected dividend yield	-
Risk-free interest rate	3.50%

During the nine months ended September 30, 2026, and 2025, the Company recorded interest expense of $106 and $183, respectively, of which $31 and $0, respectively, was to related parties, associated with the accretion of accrued interest of $23 and $46, respectively, of which $8 and $0, respectively, was to related parties, and $83 and $137, respectively, of amortization of deferred debt costs, of which $24 and $0, respectively, was to related parties. During the nine months ended September 30, 2026, the Company issued 2,264 shares of common stock associated with the conversion of debt with a carrying value of $208 and the remaining notes were extinguished for cash consideration of $522. There were no convertible notes outstanding as of September 30, 2026, and there was no convertible note activity during the three months ended September 30, 2026.

NOTE 6 – DERIVATIVE LIABILITIES

The variable-rate conversion features embedded in each of the three convertible notes described in Note 5 were determined not to be clearly and closely related to the debt host instruments under ASC 815-15-25. Each conversion price was reset at the time of each future conversion based on a lookback formula applied to then-current market prices, causing the conversion price to vary with changes in the Company's stock price. As a result, the embedded conversion features did not satisfy the fixed-for-fixed criterion of ASC 815-40-15 and were bifurcated from the host debt instruments and recorded as derivative liabilities at fair value at inception, with subsequent changes in fair value recognized in the statements of operations.

The derivative liabilities are classified within Level 3 of the fair value hierarchy because their valuation requires unobservable inputs, principally the variable future conversion price (which is path-dependent on future stock prices) and management's estimate of historical volatility.

The conversion right under the Boot Capital and Vanquish notes was contingent on the occurrence of an Event of Default. Accordingly, the probability that the conversion feature would ever be exercised depended, in part, on the probability that an Event of Default would occur. The fair value of these embedded derivatives was estimated using a Black-Scholes option pricing model adjusted by management's estimate of the probability of default ("PD"). At inception (March 12, 2026), management estimated the PD at 40%, reflecting the Company's then-current liquidity position, history of going concern disclosures, and clinical-stage operating profile. Subsequent to the closing of an offering on March 30, 2026, the PD was revised to 7.5%, reflecting the substantially improved liquidity position. The conversion right under the Labrys Fund II note was available to the Holder as a routine contractual right beginning on Day 181 (September 16, 2026), regardless of whether any Event of Default has occurred. No probability-of-default adjustment was applied to the Labrys Fund II derivative; the full Black-Scholes value was used.

The fair value of each embedded derivative liability was estimated using the Black-Scholes option pricing model. This model was selected as a practical and widely-accepted approach for valuing variable-rate convertible features on short-term promissory notes. Management acknowledges the following simplifications inherent in this approach:

- Fixed strike price assumption: The Black-Scholes model assumes a fixed exercise price. The actual conversion price under each note was path-dependent, determined at the time of each future conversion based on a lookback formula applied to then-current closing bid prices. Using the inception-date computed conversion price as the static strike was a practical approximation.
- Term assumption: The full contractual maturity was used as the option term, rather than the expected exercise window (which for Labrys was the six months from Day 181 to maturity). This was a conservative assumption that increased the computed fair value.
- Volatility: Historical realized volatility based on trailing closing prices. Implied volatility was not separately observable for this stock.

The Company utilized the Black-Scholes model to value the derivative liabilities. During the nine months ended September 30, 2026, the Company utilized the following assumptions:

	Boot Capital LLC	Vanquish Funding Group Inc.	Labrys Fund II, L.P.
Expected term	0.79 - 0.85 years	0.79 - 0.85 years	0.97 - 1.00 years
Expected average volatility	163.00 - 209.86%	163.00 - 209.86%	155.34 - 191.61%
Expected dividend yield	-	-	-
Risk-free interest rate	3.66 - 3.68%	3.66 - 3.68%	3.66 - 3.80%

At inception of the Labrys Fund II note (March 20, 2026), the fair value of the bifurcated embedded derivative of $756 exceeded the total proceeds received $300. Under ASC 815-15-30-6, this excess is recognized immediately as a loss in the statement of operations on the date of inception. The Company recognized a day-one loss on derivative bifurcation of $456 during the nine months ended September 30, 2026. The derivative liabilities were extinguished upon settlement of the March 2026 Notes on April 2, 2026; accordingly, there were no derivative liabilities outstanding as of September 30, 2026, and no change in fair value of derivative liabilities was recognized during the three months ended September 30, 2026.

The following represents the movement of the value of the derivative liability of the March 2026 notes during the nine months ended September 30, 2026:

	Boot Capital LLC	Vanquish Funding Group Inc.	Labrys Fund II, L.P.	Total
Fair value at inception	$ 46	$ 98	$ 756	$ 900
Change in fair value	(25)	(53)	(240)	(318)
Fair value of derivative prior to settlement	21	45	516	582
Extinguished upon settlement of the March 2026 Notes	(21)	(45)	(516)	(582)
Fair value, September 30, 2026	$ -	$ -	$ -	$ -

NOTE 7 – EQUITY

Preferred Stock

The Company has authorized 23,148 shares of preferred stock with a par value of $0.001 per share.

As of September 30, 2026, and December 31, 2025, there were no shares of preferred stock issued or outstanding.

Common Stock

The Company has authorized 55,555,556 shares of common stock with a par value of $0.001 per share. Each share of common stock entitles the holder to one vote, in person or proxy, on any matter on which an action of the stockholders of the Company is sought. On July 17, 2026, the Company held its annual meeting at which the shareholders voted to increase the authorized number of shares of common stock from 166,666,667 shares to 500,000,000 shares. On August 28, 2026, in connection with the one-for-nine (1-for-9) reverse stock split (see Note 1), the number of authorized shares of common stock was proportionally reduced from 500,000,000 to 55,555,556.

As of September 30, 2026, and December 31, 2025, there were 937,177 and 74,779 shares of common stock issued and outstanding, respectively.

On January 30, 2026, the Company entered into an equity purchase agreement, dated as of January 30, 2026, with an investment fund (“Fund”) pursuant to which the Company has the right, but not the obligation, to direct the Fund to purchase up to $25,000 (the “Initial Commitment Amount”) in shares of common stock, which at the Company’s sole discretion can be increased by an additional $25,000 once the Initial Commitment Amount has been exhausted, subject to the terms and conditions contained in the equity purchase agreement. In consideration for the Fund’s execution and delivery of the equity purchase agreement, the Company issued 3,927 shares of common stock to the Fund (the “Commitment Shares”) and 6,900 pre-funded warrants to purchase up to 6,900 shares of common stock at an exercise price of $0.027 per share, having an aggregate value, as of January 30, 2026, of $500, as shares and/or as pre-funded warrants. The Commitment Shares were deemed fully earned on the date of the equity purchase agreement. The Company will be prohibited from conducting any Variable Rate Transaction (as defined in the equity purchase agreement) without the prior written consent of the Fund from any Put Date until the end of any Standstill Period (as defined in the equity purchase agreement); provided, however, that the Company may effect sales pursuant to a customary “at-the-market” facility with a FINRA-registered broker-dealer as sales agent. As of September 30, 2026, in accordance with the equity purchase agreement, 2,223 shares were purchased for $14.

On March 27, 2026, the Company entered into a securities purchase agreement with certain accredited investors (the "Purchasers"), pursuant to which the Company agreed to issue and sell, in a private placement offering: (i) 9,000 shares (the "Shares") of the Company's common stock at $31.05 per share, (ii) pre-funded warrants to purchase 345,268 shares of common stock at an exercise price of $0.009 per share (the "Pre-Funded Warrants"), and (iii) warrants to purchase 708,536 shares of common stock at an exercise price of $28.80 per share (the "Common Warrants"). The Pre-Funded Warrants and the Common Warrants are collectively referred to herein as the "Warrants" and the shares issuable upon such Warrants, the "Warrant Shares." Each Share or, at the election of the Purchaser in lieu of Shares, each Pre-Funded Warrant was issued and sold along with two Common Warrants. The combined purchase price for the securities was (i) $31.05 per Share and two Common Warrants, and (ii) $31.041 per Pre-Funded Warrant and two Common Warrants. The offering closed on March 30, 2026. The Pre-Funded Warrants are exercisable immediately and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full, subject to the Beneficial Ownership Limitation described below. The Common Warrants are exercisable immediately and have a term of five and one-half years from the effective date of the initial registration statement registering the Warrant Shares, subject to the Beneficial Ownership Limitation described below. The exclusive placement agent (the "Placement Agent") in connection with the offering received a cash fee equal to 8.0% of the aggregate gross proceeds and reimbursement of certain expenses. Upon the exercise for cash of the Warrants, the Company shall pay the Placement Agent a cash fee of 8.0% of the aggregate gross exercise price paid in cash with respect thereto. In addition, the Company issued to designees of the Placement Agent warrants to purchase 28,344 shares of common stock at an exercise price of $38.8125 per share, which have the same terms as the Common Warrants other than the exercise price. The gross proceeds from the offering, before deducting Placement Agent fees and other offering expenses payable by the Company, were $10,997 (or up to approximately $31,400 in gross proceeds if the Warrants are fully exercised for cash). The net proceeds of $10,033 from the offering will be used for working capital, general corporate purposes and the repayment of certain bridge debt. The Common Warrants may only be exercised on a cashless basis if, after six months from the issuance date of the Common Warrants, there is no registration statement registering, or the prospectus contained therein is not available for, the resale of the shares of common stock underlying the Common Warrants to the holder. A holder of a Warrant may not exercise any such Warrant to the extent that such exercise would result in the number of shares of common stock beneficially owned by such holder and its affiliates exceeding 4.99% or 9.99% (at the election of the holder) of the total number of shares of common stock outstanding immediately after giving effect to the exercise, which percentage may be increased or decreased at the holder's election not to exceed 9.99% (the "Beneficial Ownership Limitation").

On May 26, 2026, the Company entered into an At The Market Offering Agreement (the "Sales Agreement") with an investment bank (the "Sales Agent") to create an at-the-market equity program under which it may sell up to an aggregate of $6,530 of shares of the Company's common stock, par value $0.001 per share (the "Shares"), from time to time through the Sales Agent, subject to any applicable limits when using Form S-3 (the "ATM Offering"). The Company will pay the Sales Agent commissions, in cash, for its services in acting as agent in the sale of the Shares. The Sales Agent will be entitled to compensation at a commission rate of 3.0% of the gross sales price per share of common stock sold. The Company will also reimburse the Sales Agent for certain specified expenses in connection with the Sales Agreement. The Sales Agreement contains customary representations, warranties and agreements by the Company, indemnification obligations of the Company and the Sales Agent, other obligations of the parties and termination provisions. The Company has no obligation to sell any of the Shares and may at any time suspend offers under the Sales Agreement. The ATM Offering will terminate upon the earlier of (i) the sale of all shares of the Company's common stock subject to the Sales Agreement or (ii) termination of the Sales Agreement as permitted therein. The Company may terminate the Sales Agreement at any time upon ten (10) business days' prior written notice to the Sales Agent. The Sales Agent may terminate the Sales Agreement at any time upon prior written notice to the Company. As of September 30, 2026, in accordance with the Sales Agreement we have issued a total of 432,062 shares of our common stock with aggregate proceeds of $3,037.

Warrants

A summary of activity of the warrants during the nine months ended September 30, 2026, is as follows:

The Company evaluated the terms of its outstanding warrants in accordance with ASC 480, Distinguishing Liabilities from Equity, and ASC 815-40, Derivatives and Hedging – Contracts in Entity's Own Equity. Based on this evaluation, the Company determined that the warrants are not required to be classified as liabilities under ASC 480, are indexed to the Company's own common stock, and meet the equity classification requirements under ASC 815-40. Accordingly, all 784,424 warrants outstanding as of September 30, 2026, are classified as equity instruments and recorded in additional paid-in capital at their respective issuance-date fair values. The warrants are not subsequently remeasured.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Life (years)
Outstanding, December 31, 2025	51,826	$ 152.00	4.84
Granted	1,082,148	19.88	5.50
Expired	-	-	-
Exercised	(349,550)	-	-
Outstanding, September 30, 2026	784,424	$ 37.16	4.93

The intrinsic value of the warrants as of September 30, 2026, is $0. All of the outstanding warrants are exercisable as of September 30, 2026.

2018 Equity Incentive Plan

On January 29, 2026, the number of shares available under the Company's 2018 Equity Incentive Plan, as amended (the "2018 Plan"), was increased by 11,216 shares of common stock.

As of September 30, 2026, the 2018 Plan permits the Company to issue up to an aggregate of 23,644 shares of common stock of which 742 shares are available to be issued.

The following is a summary of stock option activity during the nine months ended September 30, 2026:

	Options Outstanding		Weighted Average
	Number of Options	Weighted Average Exercise Price	Remaining life (years)
Outstanding, December 31, 2025	8,501	$ 297.81	7.95
Granted	14,401	45.39	10.00
Exercised	-	-	-
Forfeited/canceled	-	-	-
Outstanding, September 30, 2026	22,902	$ 139.86	8.54
Exercisable options, September 30, 2026	7,994	$ 228.98	7.55

Valuation

The Company utilizes the Black-Scholes model to value its stock options.

During the nine months ended September 30, 2026, the Company granted 14,401 options, valued at $533 of which 7,535 options, valued at $279, were for related parties. As of September 30, 2026, $500 remains unamortized, of which $243 is for related parties. The intrinsic value of options outstanding as of September 30, 2026, and December 31, 2025, is $0 and $0, respectively.

NOTE 8 – INTANGIBLE ASSET

The Company capitalized the costs associated with acquiring the exclusive worldwide license to develop and commercialize products comprising or containing the compound ART27.13 as an intangible asset at a value of $2,039 as of September 30, 2026, and December 31, 2025.

The amount capitalized consisted of a $1,500 payment and the fair value of 25 shares of common stock of $539. During the nine months ended September 30, 2026, no additional costs met the criteria for capitalization as an intangible asset. ART27.13 has not yet received regulatory approval and, based on management's assessment of its useful life, the license is classified as an indefinite-lived intangible asset and is not amortized. No impairment was recognized during the nine months ended September 30, 2026, or the year ended December 31, 2025 (see Note 2).

NOTE 9 – LEASE

On May 12, 2021, the Company entered into a lease arrangement for office space in the U.S. On March 6, 2024, the Company entered into an amended agreement with the landlord to extend the lease commencing in September 2024, and effective until August 2027.

On April 14, 2026, the Company entered into a lease arrangement for office space in the U.K., commencing October 1, 2026, and effective until September 30, 2031, with an option to terminate on September 30, 2029. As the lease had not commenced as of September 30, 2026, no right-of-use asset or lease liability has been recognized. The lease provides for annual base rent of approximately $15, payable quarterly in advance and subject to a consumer price index-based rent review on October 1, 2029, plus variable service charges. Total undiscounted base rent payments over the non-cancellable period through September 30, 2029, are approximately $45. If the termination option is not exercised, rent is abated for six months following the break date, and total undiscounted base rent payments through September 30, 2031, before any rent review adjustment, would be approximately $67.

The following summarizes right-of-use asset and lease information about the Company's operating leases as of September 30, 2026:

	Nine months ended September 30,	
	2026	**2025**
Lease cost		
Operating lease cost	$ 28	$ 26
Other information		
Cash paid for operating cash flows from operating leases	$ 29	$ 26
Weighted-average remaining lease term — operating leases (year)	0.83	1.83
Weighted-average discount rate — operating leases	7.50%	7.50%

Future minimum lease payments under the operating lease liability have non-cancellable lease payments at September 30, 2026, as follows:

	Total
Year Ended December 31,	
2026	$ 11
2027	30
2028	-
2029	-
Thereafter	-
	41
Less: Imputed interest	(1)
Operating lease liabilities	40
Operating lease liability - current	40
Operating lease liability - non-current	$ -

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Company has certain financial commitments relating to research and development contracts as of September 30, 2026, as follows:

- The Company is invoiced monthly in connection with several research and development contracts.
- The Company may be obligated to make additional payments related to research and development contracts entered into, dependent on the progress and milestones achieved through the programs.
- The Company's principal executive office is currently located at 505 Lomas Santa Fe Drive, Suite 160, Solana Beach, CA, USA. Additionally, we have an office outside Manchester, UK, which serves as administrative spaces for managing our subsidiaries, Trinity Reliant Ventures, Ltd (Ireland) and Artelo Biosciences Limited (UK). We do not currently own any properties, laboratories, or manufacturing facilities. The Solana Beach lease runs through August 2027, and the Manchester UK lease runs through September 2031, but can be terminated at the end of September 2029.

Legal Proceedings

On April 7, 2026, Craft Capital Management LLC ("Craft") filed a claim against the Company in FINRA arbitration, alleging, among other things, that the Company breached the right of first refusal provision of an engagement letter dated March 16, 2026 (the "Engagement Letter"). The claim arises from the Company's termination of the Engagement Letter on March 27, 2026, and the subsequent closing of a private placement offering on March 30, 2026, for gross proceeds of $10,997. Craft is seeking a success fee of $880, common stock warrants valued at $880, monthly late fees, reasonable attorneys' fees, interest, and other relief. On July 7, 2026, the Company filed counterclaims against Craft alleging fraudulent inducement, breach of contract, and violations of regulatory rules, and seeking declaratory relief. The arbitration proceedings are ongoing.

The Company accounts for loss contingencies in accordance with ASC 450, Contingencies, and recognizes a liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company believes it has meritorious defenses to Craft's claims and intends to vigorously defend the matter. Based on management's assessment of the claims, the Company's defenses and counterclaims, and the current status of the arbitration proceedings, management has concluded that a loss is reasonably possible but not probable. The Company is unable to reasonably estimate the amount or range of potential loss at this time. Accordingly, no liability has been recorded as of September 30, 2026. The outcome of the arbitration is inherently uncertain, and an unfavorable outcome could have a material adverse effect on the Company's financial position, results of operations, and cash flows.

NOTE 11 – SUBSEQUENT EVENTS

On October 1, 2026, the U.K. office lease described in Note 9 commenced. Total undiscounted base rent payments over the non-cancellable lease term through September 30, 2029, are approximately $45. The Company will recognize a right-of-use asset and a corresponding operating lease liability as of the commencement date.

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

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of the Company's condensed consolidated results of operations and financial condition. The discussion should be read together with the condensed consolidated financial statements and the accompanying notes to those statements that are included elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and related notes for the year ended December 31, 2025, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 24, 2026, as updated on Form 8-K filed with the SEC on March 17, 2026. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties.

Use of Terms

Except as otherwise indicated by the context, references in this Quarterly Report on Form 10-Q to "we", "us", "our" and the "Company" refer to Artelo Biosciences, Inc., a Nevada corporation, including its wholly-owned subsidiaries, Trinity Reliant Ventures Limited, in Ireland, Artelo Biosciences Limited, in the United Kingdom, and Artelo Biosciences Corporation, in Canada, and to "common stock" refer to the Company's common stock, $0.001 par value per share. Unless otherwise noted, all amounts are expressed in United States dollars ("USD").

Reverse Stock Split

Unless otherwise noted, the share and per share information in this Quarterly Report on Form 10-Q have been adjusted to give effect to (i) the one-for-three (1-for-3) reverse stock split (the "First Reverse Stock Split") of the Company's issued and outstanding common stock, which became effective as of 12:01 a.m. Eastern Time on March 10, 2026 (March 9, 2026, at 9:01 p.m. Pacific Time), and (ii) the one-for-nine (1-for-9) reverse stock split (the "Second Reverse Split" and together with the First Reverse Stock Split, the "Reverse Stock Splits") of the Company's issued and outstanding common stock, which became effective as of 5:00 p.m. Eastern Time on August 28, 2026 (2:00 p.m. Pacific Time).

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that are based on management's beliefs and assumptions and on information currently available to management. All statements other than statements of historical facts are forward-looking statements. These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our financial condition and our ability to continue as a going concern;
- our plans to obtain funding for our operations, including funding necessary to complete our clinical trials, develop, manufacture and commercialize our product candidates;
- our ability to raise any current or future funding to meet our capital requirements;
- the expected timing of the initiation and completion of our clinical studies for our product candidates;
- the size and growth of the markets for our product candidates;
- our commercialization, marketing, and manufacturing capabilities and strategies;
- geopolitical tensions, including tariffs and any war, regional conflict, or acts of terror, that can disrupt investment, supply chains and the economy generally;

- our ability to compete with companies currently producing alternative treatment methods;
- the cost, timing and outcomes of any potential litigation involving our product candidates;
- regulatory developments in the U.S. and internationally;
- the development, regulatory approval, efficacy and commercialization of competing product candidates;
- our ability to attract and retain key scientific or management personnel;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our products and technology;
- the terms and conditions of licenses granted to us and our ability to license additional intellectual property related to our product candidates, as appropriate;
- potential claims related to our intellectual property;
- the accuracy of our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to maintain compliance with Nasdaq listing requirements;
- our ability to develop and maintain our corporate infrastructure, including our internal controls;
- our cash investment strategy;
- our ability to develop innovative new product candidates; and
- our financial performance.

In some cases, you can identify these statements by terms such as “anticipate,” “believe,” “could,” “estimate,” “expects,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or the negative of these terms or other comparable expressions that convey uncertainty of future events or outcomes, although not all forward-looking statements contain these terms. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Item 1A. “*Risk Factors*” in our Annual Report on Form 10-K. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance.

In addition, statements that include terms such as “we believe” and similar terms reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this filing, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

General Overview

We incorporated in the State of Nevada on May 2, 2011, and are presently based in Solana Beach, California. We are a clinical stage biopharmaceutical company focused on the development and commercialization of therapeutics that target lipid-signaling modulation pathways, including the endocannabinoid system (the "ECS"), a network of receptors and neurotransmitters that form a biochemical communication system throughout the body.

Our product candidate pipeline broadly leverages leading scientific methodologies and balances risk across mechanisms of action and stages of development. Our programs represent a comprehensive approach in utilizing the power and promise of lipid signaling to develop pharmaceuticals for patients with unmet healthcare needs.

We are currently developing a novel, benzimidazole dual cannabinoid (CB) agonist that targets both the CB1 and CB2 peripheral receptors. This synthetic small molecule program is a G protein-coupled receptor ("GPCR") designated ART27.13 and was initially developed by AstraZeneca plc. We are developing ART27.13 as a potential treatment for cancer-related anorexia and it is currently in a Phase 1b/2a trial, titled the Cancer Appetite Recovery Study ("CAReS"). In an interim analysis of the on-going Phase 2a CAReS trial, patients with cancer anorexia receiving ART27.13 demonstrated a mean weight gain of over 6% compared to a 5% loss in the placebo group, while maintaining a safety profile similar to the Phase 1b despite doses up to twice the previous maximum. Currently there is no FDA approved treatment for cancer anorexia cachexia syndrome. ART27.13 is also being dosed in an investigator-led Phase 2 study in the United Kingdom which will evaluate the effects of ART27.13 in patients with glaucoma or ocular hypertension.

Our second program, ART26.12 is a small molecule and the lead product candidate from our chemical library of inhibitors of fatty acid binding proteins, notably Fatty Acid Binding Protein 5 ("FABP5"). We received U.S. Food & Drug Administration (the "FDA") clearance for our Investigational New Drug ("IND") application for ART26.12 in July 2024 and have completed enrolment to a Phase 1 clinical trial in healthy subjects to support the development towards an agent intended to treat chemotherapy-induced peripheral neuropathy ("CIPN"). In addition, ART26.12 may have broad applications as a cancer therapeutic, as a treatment for dermatologic conditions, such as psoriasis, as a treatment for pain and inflammation, and potential use in anxiety-related disorders, including post-traumatic stress disorder. In June 2025, we announced favorable results from our first-in-human study evaluating ART26.12. The Phase 1 Single Ascending Dose (SAD) study was designed to assess the safety, tolerability, and pharmacokinetics of ART26.12 in healthy volunteers and enrolled 49 subjects. All adverse events (AEs) were mild, transient, and self-resolving. No drug-related AEs were observed in the blinded dataset, and no tolerability issues or safety signals were detected across multiple assessments (vital signs, ECGs, clinical laboratory tests, physical examinations, and visual analogue mood scales). In addition, full dose-exposure profiles were successfully explored. Plasma analysis confirmed dose-dependent, linear absorption across the evaluated range. A wide safety margin was observed between estimated therapeutic plasma concentrations and the highest exposure levels achieved, supporting potential titration for maximum efficacy in future studies. In addition to ART26.12 in CIPN, our extensive library of small molecule inhibitors of Fatty Acid Binding Proteins ("FABPs") has shown therapeutic potential for the treatment of certain cancers, neuropathic and nociceptive pain, psoriasis, and anxiety disorders.

ART12.11 is our wholly owned, proprietary cocrystal composition of cannabidiol (CBD) and tetramethylpyrazine (TMP). Isolated as a single crystalline form, ART12.11 has exhibited better pharmacokinetics and improved efficacy compared to other forms of CBD in nonclinical studies. Greatly enhanced pharmaceutical properties, including physicochemical, pharmacokinetic, and pharmacodynamic advantages have been observed with ART12.11. We believe a more consistent and improved bioavailability profile may ultimately lead to increased safety and efficacy in humans, thus making ART12.11 a preferred CBD pharmaceutical composition. The U.S. issued composition of matter patent for ART12.11 is enforceable until December 10, 2038, and has now been granted or validated in 21 additional countries.

We obtained two of our patent protected product candidates through our in-licensing activities. Our first in-licensed program, ART27.13, is being developed for cancer-related anorexia. ART27.13 is a peripherally-selective high-potency dual CB1 and CB2 full-receptor agonist, which was originally invented at AstraZeneca plc. We exercised our option to exclusively license this product candidate through the NEOMED Institute ("NEOMED"), a Canadian not-for-profit corporation, renamed adMare Bioinnovations ("adMare") in June 2019, which had obtained rights to ART27.13 from AstraZeneca plc. In Phase 1, single dose studies in healthy volunteers and a multiple ascending dose study in individuals with chronic low back pain conducted by AstraZeneca plc, ART27.13 exhibited an attractive pharmacokinetic and absorption, distribution, metabolism, and excretion profile and was well tolerated within the target exposure range. It also exhibited dose-dependent and potentially clinically meaningful increases in body weight. Importantly, the changes in body weight were not associated with fluid retention or other adverse effects and occurred at exposures without central nervous system ("CNS") side effects. Discussions with United Kingdom ("UK"), U.S. and Canadian regulators indicated there is a potential pathway for development of ART27.13 for the treatment of cancer-related anorexia, which affects approximately 60% of advanced stage cancer patients.

We commenced enrollment and dosed the first patient in CAReS, our Phase 1b/2a clinical study of cancer-related anorexia with ART27.13 in April 2021 and completed enrolling patients in the Phase 1b during the first quarter of 2023. Data from the Phase 1b stage was used to determine the most effective and safe dose selected as the starting dose for the Phase 2a portion of CAReS. We received approval from the regulatory authorities in the UK, Ireland and Norway to increase the daily dose from the starting dose of 650 micrograms to 1,000 micrograms after 4 weeks and up to 1,300 micrograms initiated at 8 weeks in patients for whom intra-patient dose escalation is expected to be well tolerated. We also received approval from the regulatory authorities to enroll 40 evaluable patients into the Phase 2a stage with a 3:1 randomization of ART27.13 to placebo. We initiated the Phase 2a portion of CAReS during April 2023 with 18 clinical sites across five countries.

As of December 31, 2025, 32 participants have been enrolled. On September 3, 2025, we announced interim results from the Phase 2a CAReS trial. In the interim analysis, 18 evaluable patients-primarily with lung and gastrointestinal cancers not receiving cyclic chemotherapy-were included. After 12 weeks of treatment in patients who were titrated to the top dose evaluated of 1300 micrograms (n=5), ART27.13 demonstrated compelling increases in mean body weight of 6.38% (Standard Deviation or SD 9.50) compared to patients on placebo (n=6) who lost -5.42% (SD 8.17). The maximum weight gain in the ART27.13 group reached 18.5%, versus only 0.4% in placebo. The maximum weight loss in the placebo arm was -17.4%, compared to just -3.0% in the ART27.13 group. Additional benefits were seen in lean body mass, with a +4.23% increase (SD 5.37) in the treatment group versus a -3.15% loss (SD 4.89) in placebo at one month, as well as qualitative improvements in total and weekly activity scores.

Safety results were consistent with prior findings. Among the 32 participants enrolled in the CAReS Phase 2 trial to date, 7 patients (22%) experienced adverse events that may be related to ART27.13. All were mild or moderate, with the exception of a single case of severe malaise, and no drug-related serious adverse events were reported. These data are aligned with safety outcomes observed in Phase 1 of CAReS, supporting ART27.13's overall favorable tolerability and acceptable safety profile.

On August 11, 2025, we announced that the European Patent Office (EPO) issued a Notice of Allowance for Artelo's European patent application No. 21827629.3. The application covers the intended commercial formulation of ART27.13. The allowed claims protect compositions of ART27.13 dispersed in polyethylene glycol, including the Company's intended commercial formulation. This development marks a major milestone in Artelo's global intellectual property strategy, and we believe it positions the Company for long-term value creation with ART27.13.

Our second in-licensed patented program is being advanced from our platform of small-molecule inhibitors of FABPs, notably FABP5. FABPs are attractive therapeutic targets, however, the high degree of sequence and structural similarities among family members made the creation of drugs targeting specific FABPs challenging. FABP5 is believed to specifically target and regulate one of the body's endogenous cannabinoids, anandamide ("AEA"). While searching for a FABP5 inhibitor to regulate AEA, researchers at Stony Brook University ("SBU") discovered the chemistry for creating a large library of compounds which we believe to be highly specific and potent small molecule inhibitors of FABP5 and other isoforms. We licensed the rights to world-wide intellectual property in all fields and certain know-how to these inhibitors from SBU.

Our lead FABP5 inhibitor program is designated ART26.12. Preclinical research with ART26.12 showed evidence of activity in multiple pain models including osteoarthritis, cancer bone pain, and neuropathic pain. Based upon positive preclinical evidence from five separate studies showing promising activity and a differentiated mechanism-of-action for the prevention and treatment of painful neuropathies, including diabetic neuropathy and CIPN, we prioritized CIPN as the initial indication for development of ART26.12. Treatment and/or prevention of CIPN is a significant unmet need, often resulting in anti-cancer treatment delays or discontinuations, and there are currently no approved treatments for CIPN by the regulatory authorities in the U.S., UK or EU. We submitted an IND application for ART26.12 to the FDA on June 10, 2024, and received a study may proceed notice from the FDA on July 8, 2024. First-in-human studies for ART26.12 began in Q4 of 2024 and we successfully completed dosing all 48 healthy volunteers planned for the Phase 1 Single Ascending Dose study at the end of April 2025. In addition to its potential as a synthetic endocannabinoid modulator with development targeting pain, inflammation, dermatologic conditions such as psoriasis, FABP5 is understood to play an important role in lipid signaling and is believed to be an attractive strategy for drug development in oncology. Large amounts of human biomarker and animal model data support FABP5 as an oncology target, including triple negative breast cancer, ovarian cancer, cervical cancer, and castration-resistant prostate cancer. Through our sponsored research we have also subsequently identified a potential role for FABP5 inhibition to treat anxiety disorders, such as Post Traumatic Stress Disorder ("PTSD"). We have been awarded a research grant in Canada to expand on our earlier research at the University of Western Ontario in this new development area.

In addition to our in-licensed programs, we have internal discovery research initiatives which resulted in ART12.11, a proprietary cocrystal composition of CBD and TMP. The crystal structure of CBD is known to exhibit solid polymorphism, or the ability to manifest in different forms. Polymorphism can adversely affect stability, dissolution, and bioavailability of a drug product and thus may affect its quality, safety, and efficacy. Based upon our research, we believe our CBD cocrystal exists as a single crystal form and as such is anticipated to have advantages over other solid forms of CBD that exhibit polymorphism. Emerging data demonstrates potential advantages of this single crystal structure, including improved stability, solubility, and a more consistent absorption profile. We believe these features have contributed to a more consistent and improved bioavailability and pharmacokinetic profile which may ultimately lead to improved safety and efficacy in human therapeutics, as already demonstrated in animal studies.

Presently, we have three U.S. patents, one pending U.S. patent application, six issued foreign patents (Australia, China, Mexico, Japan, Taiwan, and Europe, including validation in 15 countries) and three pending foreign patent applications (Brazil, Canada and South Korea) directed to our cocrystal composition of CBD. Composition claims are generally known in the pharmaceutical industry as the most desired type of intellectual property and should provide for long lasting market exclusivity for our synthetic CBD cocrystal drug product candidate. In addition, due to the reasons outlined above, we believe that our synthetic CBD cocrystal will continue to demonstrate a superior set of pharmaceutical properties compared to non-cocrystal CBD compositions. We plan to develop ART12.11 for multiple potential indications where CBD has shown activity of such anxiety disorders, including PTSD, depression, and other possible uses such as epilepsy and insomnia.

Product Candidate	Patent Status	License
ART27.13 – Synthetic GPCR CB_1 and CB_2 Receptor Agonist	One licensed (1) issued patent (U.S.) including composition of matter, term 5/31/28, and one (1) Artelo-owned composition application with fourteen (14) pending National Phase filings (Issued in the EP as a unitary patent and a related patent has issued in the US as Patent No. 12778930). A continuation of the US patent application has been filed, and a second composition of matter application pending in the EPO, JP, Taiwan, and US. Additionally, patent applications related to the treatment of eye-disorders, including glaucoma are filed in AU, BR, CA, CN, EP, JP, KR, MX, NZ, and US. Artelo has also filed a provision patent application related to the use of ART 27.13 for treating obesity and metabolic disease.	N/A (wholly owned by Artelo)
ART26.12 – FABP5 inhibitor and FABP5 inhibitors platform	Six (6) patents issued (U.S.) and ten (10) issued foreign patents. Covers the target, composition of matter, and utility claims. In addition, there are twenty-six (26) pending applications related to the ART26.12 program and related chemistries.	Worldwide exclusive license and some wholly owned by Artelo
ART12.11 – Synthetic CBD Cocrystal	Issued two (2) composition of matter patents (U.S.) and one (1) method of use patent (U.S.). Both with a term through 12/10/38. Six (6) issued foreign patents (with a term through 12/10/38) and four (4) pending applications (U.S. & Intl).	N/A (wholly owned by Artelo)

We are developing our product candidates in accordance with traditional regulated drug development standards and expect to make them available to patients via prescription or physician orders only after obtaining marketing authorization from a country's regulatory authority, such as the FDA. Our management team has experience developing, commercializing, and partnering ethical pharmaceutical products, including several first-in-class therapeutics. Based upon our current management's capabilities and the future talent we may attract, we plan to retain the option to internally develop and commercialize our programs; however, we may explore collaborations with partners in the biopharmaceutical industry when a partnering strategy serves to maximize value for our stockholders.

Key Trends and Factors Affecting Comparability Between Periods

- We expect to continue to incur future R&D expenses associated with the continued development of our drug candidates. The level of expenses will be highly dependent upon the scope of pre-clinical and clinical development activities and strategies and will also be directly dependent upon the level of our available funding for R&D activities.

- We expect to continue to incur general and administrative expenses in the future, which are expected, in the near-term, to be broadly comparable to the level of general and administrative expenses incurred year-to-date.

Results of Operations

Revenue

To date, we have not generated any revenue and we may not generate any revenue from the sale of products or from other sources in the near future.

Operating Expenses

We classify our operating expenses into research and development, and general and administrative expenses. Research and development expenses consist of expenses incurred while performing research and development activities to discover and develop our product candidates. This includes conducting preclinical studies and clinical trials, development efforts and activities related to regulatory filings for product candidates. We recognize research and development expenses as they are incurred. Our research and development expenses primarily consist of costs incurred in research and development partnerships, preliminary studies, development of potential intellectual property, and research initiatives. General and administrative expenses consist of professional fees, stock-based compensation, executive and director compensation and other administrative costs.

Other Income (Expense)

Our other income (expense) consists of interest income, interest expense, gain on the extinguishment of debt, and changes in fair value of our derivative liabilities.

Three months ended September 30, 2026, compared to the three months ended September 30, 2025

(In thousands)	Three Months Ended September 30, 2026	2025	Change
Operating Expenses			
General and administrative	$ 989	$ 1,814	$ (825)
Research and development	803	1,275	(472)
Total Operating Expenses	1,792	3,089	(1,297)
Loss from Operations	(1,792)	(3,089)	1,297
Other income (expense)	24	(31)	55
Net Loss	$ (1,768)	$ (3,120)	$ 1,352

Our operating expenses for the three months ended September 30, 2026, were $1.8 million compared to $3.1 million for the same period in 2025. The decrease in operating expenses for the three months ended September 30, 2026, was primarily attributable to a $0.7 million decrease in professional fees, primarily general and administrative, a $0.3 million decrease in other research and development expenses, and a $0.3 million decrease in stock-based compensation, partially offset by a less than $0.1 million increase in employee and director compensation.

Nine months ended September 30, 2026, compared to the nine months ended September 30, 2025

(In thousands)	Nine Months Ended September 30, 2026	2025	Change
Operating Expenses			
General and administrative	$ 4,534	$ 4,088	$ 446
Research and development	2,452	4,530	(2,078)
Total Operating Expenses	6,986	8,618	(1,632)
Loss from Operations	(6,986)	(8,618)	1,632
Other income (expense)	(167)	(95)	(72)
Net Loss	$ (7,153)	$ (8,713)	$ 1,560

Our operating expenses for the nine months ended September 30, 2026, were $7.0 million compared to $8.6 million for the same period in 2025. The decrease in operating expenses for the nine months ended September 30, 2026, was primarily attributable to a $2.7 million decrease in research and development professional fees and a $0.2 million decrease in stock-based compensation, partially offset by a $0.7 million increase in other research and development expenses and a $0.3 million increase in employee and director compensation, and a $0.3 million increase in general and administrative professional fees. The increase in other research and development expenses primarily reflects the $0.7 million U.K. R&D tax credit recorded as a reduction of research and development expenses in 2025, with no comparable credit in 2026.

Liquidity and Capital Resources

Sources of Liquidity

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations and otherwise operate on an ongoing basis.

Since our inception, we have not generated any revenue from product sales and have incurred significant operating losses and negative cash flows from our operations. Our net loss was $7.2 million for the nine months ended September 30, 2026. As of September 30, 2026, we had cash and cash equivalents of $4.4 million.

On January 30, 2026, we entered into an equity purchase agreement with an investment fund ("Fund"), pursuant to which we have the right, but not the obligation, to direct the Fund to purchase up to $25.0 million in shares of common stock (the "Initial Commitment Amount"), which at our sole discretion can be increased by an additional $25.0 million once the Initial Commitment Amount has been exhausted, subject to the terms and conditions contained in the equity purchase agreement (the "Equity Line"). As consideration, we issued 3,927 shares of common stock to the Fund and pre-funded warrants to purchase up to 6,900 shares of Common Stock at an exercise price of $0.027 per share. We filed a registration statement with the SEC on March 24, 2026, to register under the Securities Act of 1933, as amended (the "Securities Act"), the offer and resale by the Fund of up to 474,836 shares of common stock, which was declared effective by the SEC on March 30, 2026. As of September 30, 2026, we have issued 2,223 shares of common stock in accordance with the Equity Line for net proceeds of $14 thousand, in addition to the shares or pre-funded warrants we issued to the Fund as consideration.

On March 27, 2026, we entered into a securities purchase agreement with Intracoastal Capital LLC ("Intracoastal") and Armistice Capital Master Fund Ltd. ("Master Fund"), pursuant to which we agreed to issue and sell, in a private placement offering: (i) 9,000 shares of common stock, (ii) pre-funded warrants to purchase 345,268 shares of common stock at an exercise price of $0.009 per share, and (iii) common warrants to purchase 708,536 shares of common stock at an exercise price of $28.80 per share. Each share of common stock or pre-funded warrant was issued and sold along with two common warrants. The combined purchase price for the securities was (i) $31.05 per share of common stock and two common warrants, and (ii) $31.041 per pre-funded warrant and two common warrants. The investment bank that acted as exclusive placement agent in connection with the offering and received a cash fee equal to 8.0% of the aggregate gross proceeds and reimbursement of certain expenses. Upon the exercise for cash of the warrants, we will pay the investment bank a cash fee of 8.0% of the aggregate gross exercise price paid in cash with respect thereto. In addition, we issued to the investment bank's designees placement agent warrants to purchase up to 28,344 shares of common stock at an exercise price of $38.8125 per share, which have substantially the same terms as the common warrants, other than the exercise price. The gross proceeds from the offering, before deducting the investment bank's fees and other offering expenses payable by us, were $10,996,902.70 (or up to approximately $31.4 million in gross proceeds if the warrants are fully exercised for cash). We filed a registration statement with the SEC on April 7, 2026, to register under the Securities Act the offer and resale by Intracoastal, Master Fund, and investment bank's designees of up to 1,091,144 shares of common stock, which was declared effective by the SEC on April 15, 2026.

In May 2026, we filed a $75.0 million in aggregate value shelf registration statement on Form S-3 which became effective on May 19, 2026. The shelf registration statement is effective for three years and permits us to sell, from time to time, up to $75.0 million of our common stock, preferred stock, debt securities, warrants, and/or units subject to a limit of one-third (1/3) of our public float within a twelve (12) month period if our public float is less than $75.0 million as of relevant measurement dates under applicable securities laws. The shelf registration statement was intended to provide us with flexibility to access additional capital when market conditions are appropriate.

On May 26, 2026, we entered into an At The Market Offering Agreement (the "ATM Sales Agreement") with an investment bank to create an at-the-market equity program (the "ATM") under which we may offer and sell up to an aggregate of $6.53 million of shares of our common stock from time to time through the investment bank as the sales agent, subject to any applicable limits. Under the ATM Sales Agreement, we will set the parameters for the sale of shares, including the number or dollar amount of shares to be issued, the time period during which sales are requested to be made, limitations on the number or dollar amount of shares that may be sold in any one trading day and any minimum price below which sales may not be made. Subject to the terms and conditions of the ATM Sales Agreement, the investment bank may sell the shares by methods deemed to be an "at the market" offering as defined in Rule 415 promulgated under the Securities Act. We have no obligation to sell any shares under the ATM Sales Agreement and may at any time suspend solicitation and offers under the ATM Sales Agreement. The shares will be issued pursuant to our shelf registration statement on Form S-3, including the prospectus supplement contained therein, which was declared effective by the SEC on May 19, 2026. As of September 30, 2026, 432,062 shares of common stock have been sold under the ATM for net proceeds of $3.0 million.

To continue operations, we will be required to raise additional funds by completing additional equity or debt offerings or licensing our product candidates. There can be no assurance that we will be successful in acquiring additional funding, that our projections of our future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years. These conditions raise substantial doubt about our ability to continue as a going concern within one year after the date that the condensed consolidated financial statements are issued. The accompanying condensed consolidated financial statements do not include any adjustments to reflect the future effects on the recoverability and classification of assets or the amounts and classification of liabilities if we are unable to continue as a going concern.

Funding Requirements

To date, we have not generated any revenue and we may not generate any revenue from the sale of products or from other sources in the near future. We expect our expenses and capital requirements will increase substantially in connection with our ongoing activities as we:

- continue our research and development activities;
- maintain, protect and expand our intellectual property portfolio, including patents, trade secrets and know how;
- implement operational, financial and management information systems;
- attract, hire and retain additional management, scientific and administrative personnel; and
- operate as a public company.

We continue to face challenges and uncertainties and, as a result, our available capital resources may be consumed more rapidly than currently expected due to: delays in execution of our product development plans; the scope and timing of our investment in our research and development activities and capabilities; changes we may make to the business that affect ongoing operating expenses; the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights; changes we may make in our business strategy; the scope and timing of our investment in sales, marketing and distribution capabilities; our need to implement additional infrastructure and internal systems; the impact of the conflicts in Eastern Europe, the Middle East and in other countries; and other items affecting our forecasted level of expenditures and use of cash resources including potential acquisitions.

Until such time as we can generate significant revenue, if ever, we will continue to require substantial additional capital to fund operations for the foreseeable future. We intend to obtain such capital through public or private equity offerings or debt financings, credit or loan facilities or a combination of one or more of these funding sources. We may also seek additional financing opportunistically. We may be unable to raise additional funds on favorable terms or at all. Our ability to raise additional funds may be adversely impacted by potential worsening global economic conditions and the recent disruptions to, and volatility in, the credit and financial markets in the United States and, recent and any potential future financial institution failures, the conflicts in Eastern Europe, the Middle East and in other countries, and otherwise. Our failure to raise additional capital, if needed, would have a negative impact on our financial condition and our ability to execute our business plan.

Our expected future capital requirements depend on many factors including expansion of our product portfolio and the timing and extent of spending on research and development activities and sales and marketing. If we raise additional funds by issuing equity securities, our stockholders will experience dilution. Any future debt financing into which we enter may impose upon us additional covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. Any debt or additional equity financings that we complete may contain terms that are not favorable to us or our stockholders.

Working Capital

(In thousands)	**September 30, 2026**	**December 31, 2025**	**Change**
Current Assets	$ 4,596	$ 695	$ 3,901
Current Liabilities	439	4,044	(3,605)
Working Capital	$ 4,157	$ (3,349)	$ 7,506

Our total current assets as of September 30, 2026, were $4.6 million as compared to total current assets of $0.7 million as of December 31, 2025. The increase in current assets was primarily due to the financings completed during the nine-month period.

Our total current liabilities as of September 30, 2026, were $0.4 million as compared to total current liabilities of $4.0 million as of December 31, 2025. The decrease in current liabilities was primarily due to the use of proceeds from the financing completed on March 27, 2026, being utilized for the extinguishment of all outstanding debt arrangements and payments made towards the Company's accounts payable and accrued liabilities, of which payment had been postponed due to the Company cash preservation efforts.

Historical Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Nine Months Ended September 30,		
(In thousands)	**2026**	**2025**	**Change**
Cash flows used in operating activities	$ (8,849)	$ (5,609)	$ (3,240)
Cash flows used in investing activities	-	(250)	250
Cash flows provided by financing activities	12,657	5,260	7,397
Effect of exchange rate changes on cash	29	(19)	48
Net change in cash and cash equivalent during period	$ 3,837	$ (618)	$ 4,455

Cash Flows from Operating Activities

During the nine months ended September 30, 2026, cash used in operating activities was $8.8 million compared to $5.6 million during the nine months ended September 30, 2025. Cash used in operating activities during the nine months ended September 30, 2026, was attributed to a net loss of $7.2 million, partially offset by $1.4 million in non-cash expenses and losses associated with stock-based compensation, changes in the fair value of derivative liabilities, non-cash lease expenses, and amortization of debt discounts, and increased by $3.0 million in payments of accounts payable and accrued liabilities, including related-party balances. Cash used in operating activities during the nine months ended September 30, 2025, was attributed primarily to a net loss of $8.7 million offset by decreases in operating assets and increases in liabilities of $2.2 million and non-cash stock-based compensation of $0.8 million.

Cash Flows from Investing Activities

We did not have cash flows from investing activities during the nine months ended September 30, 2026. During the nine months ended September 30, 2025, cash used in investing activities of $0.3 million related to the purchase of digital assets.

Cash Flows from Financing Activities

During the nine months ended September 30, 2026, cash flows provided by financing activities was $12.7 million compared to $5.3 million during the nine months ended September 30, 2025. During the nine months ended September 30, 2026, cash flows provided by financing activities were the result of the net proceeds from the issuance of common shares of $13.1 million, net proceeds from the issuance of convertible notes of $0.6 million, proceeds from the exercise of warrants of $0.2 million, offset by $1.2 million in repayments to holders of convertible notes. During the nine months ended September 30, 2025, cash flows provided by financing activities were the result of the net proceeds from the issuance of common shares of $4.4 million, net proceeds from the issuance of convertible notes of $0.7 million, and proceeds from the exercise of warrants of $0.1 million.

Contractual Obligations and Commitments

For a discussion of our contractual obligations and commitments, refer to Part I, Item 1, Note 10, "Commitments and Contingencies" to the financial statements in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

New Accounting Standard Adopted

There were no new accounting standards adopted during the nine months ended September 30, 2026.

New Accounting Standards Issued Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. ASU 2024-03 requires public business entities to disclose, in the notes to the financial statements, disaggregated information about specified categories of expenses—including (i) purchases of inventory, (ii) employee compensation, (iii) depreciation, (iv) intangible asset amortization, and (v) depletion—that are included within each relevant expense caption presented on the face of the income statement. The amendments also require disclosure of the total amount of selling expenses and, in annual reporting periods, the Company's definition of selling expenses. In January 2025, the FASB issued ASU No. 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, which clarified that ASU 2024-03 is effective for the Company for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied prospectively to financial statements issued for reporting periods after the effective date or retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact that the adoption of ASU 2024-03 will have on the disclosures within our condensed consolidated financial statements.

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, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2026.

Changes in Internal Control Over Financial Reporting

During the period covered by this report there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on the Effectiveness of Controls

Control systems, no matter how well conceived and operated, are designed to provide a reasonable, but not an absolute, level of assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Because of the inherent limitations in any control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. As previously reported in our Current Report on Form 8-K filed on May 27, 2026, and our Quarterly Report on Form 10-Q/A filed on August 20, 2026, on April 7, 2026, Craft Capital Management LLC ("Craft") filed a FINRA arbitration claim against the Company seeking compensatory damages, equitable relief, attorneys' fees and all other appropriate relief for, among other things, the Company's alleged breach of the right of first refusal provision in the engagement letter agreement, dated March 16, 2026 (the "Engagement Letter"), between the Company and Craft, arising from the Company's termination of the Engagement Letter on March 27, 2026, and subsequent closing of a private placement offering on March 30, 2026 for gross proceeds of approximately $11 million (the "Transaction"). Craft is seeking an $880,000 success fee, common stock warrants valued at $880,000, and monthly late fees in connection with the Transaction, in addition to reasonable attorneys' fees, interest, and other such appropriate relief. On July 7, 2026, we submitted counterclaims against Craft for fraudulent inducement, breach of contract, violation of regulatory rules, and declaratory relief. This arbitration claim process is ongoing. Management does not believe that the ultimate resolution of this matter will have a material impact on our consolidated financial statements. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors (see Note 10).

Item 1A. Risk Factors

In addition to the risk set forth below and the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risks under Item 1A. "*Risk Factors*" in our Annual Report on Form 10-K and in our other filings with the SEC from time to time. You should be aware that these risk factors and other information may not describe every risk facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could adversely affect our business, liquidity, financial condition and results of operations.

The market value of our publicly held shares is close to the minimum required for continued listing on Nasdaq, and if we fail to meet this or other Nasdaq continued listing requirements, our common stock could be delisted.

Our common stock is listed on The Nasdaq Capital Market tier of The Nasdaq Stock Market LLC ("Nasdaq"). To remain listed, we must meet Nasdaq's continued listing requirements, including a minimum market value of publicly held shares of $1 million, a minimum bid price of $1.00 per share and a minimum stockholders' equity requirement. Publicly held shares exclude shares held by our officers, directors and holders of more than 10% of our outstanding shares. As of November 11, 2026, the market value of our publicly held shares was approximately $2 million, which is close to the $1 million minimum. The market value of our publicly held shares depends on our stock price and the number of shares held by non-affiliates, both of which can change quickly and are largely outside our control.

If the market value of our publicly held shares is below $1 million for 30 consecutive business days, Nasdaq will notify us of the deficiency. We would generally have 180 calendar days to regain compliance, which would require the market value of our publicly held shares to be at least $1 million for at least 10 consecutive business days. We cannot assure you that we would regain compliance within that period, or that we will continue to meet this or any other Nasdaq listing requirement. If we fail to do so, Nasdaq may delist our common stock, subject to our right to appeal to a Nasdaq hearings panel, which may not be successful.

A delisting would likely reduce the liquidity and market price of our common stock, limit our ability to raise capital, including through our at-the-market equity program, and could result in a loss of analyst coverage, reduced interest from investors and other negative effects. Our common stock could also become a "penny stock," which would subject brokers to additional rules and could further reduce trading. In addition, because our public float is less than $75 million, SEC rules limit the amount of securities we may sell under our shelf registration statement, including under our at-the-market equity program, in any 12-month period to one third of our public float. Given the current size of our public float, this limit significantly restricts the amount of capital we can raise through these offerings.

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

There were no sales of unregistered securities by us during the three months ended September 30, 2026, that were not previously disclosed in a Current Report on Form 8-K.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, none of our directors or officers, as defined in Rule 16a-1(f), adopted and/or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408.

Item 6. Exhibits

Exhibit No.	Description
3.1	Articles of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed on May 14, 2026)
3.2	Amended and Restated Bylaws, as amended (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed on May 14, 2026)
3.3	Certificate of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.3 to the Quarterly Report on Form 10-Q filed on August 12, 2026)
3.4	Certificate of Change filed with the Secretary of State of the State of Nevada on August 26, 2026 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on August 27, 2026)
10.1	At The Market Offering Agreement, dated May 26, 2026, by and between Artelo Biosciences, Inc. and H.C. Wainwright & Co., LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 27, 2026)
31.1*	Section 302 Certification of Chief Executive Officer
31.2*	Section 302 Certification of Chief Financial Officer
32.1**	Section 906 Certification of Chief Executive Officer
32.2**	Section 906 Certification of Chief Financial Officer
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** The certifications attached as Exhibit 32.1 and 32.2 that accompanies this Quarterly Report on Form 10-Q, are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Artelo Biosciences, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

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.

Artelo Biosciences, Inc.
(Registrant)

Dated: November 12, 2026

/s/ Gregory D. Gorgas
Gregory D. Gorgas
President, Chief Executive Officer, and Director
(Principal Executive Officer)

/s/ Mark E. Spring
Mark E. Spring
Chief Financial Officer and Treasurer
(Principal Financial Officer and
Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory D. Gorgas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Artelo Biosciences, Inc.;

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

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

4. The registrant's other certifying officer(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 12, 2026

/s/ Gregory D. Gorgas
Gregory D. Gorgas
President, Chief Executive Officer, and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark E. Spring, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Artelo Biosciences, Inc.;

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

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

4. The registrant's other certifying officer(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 12, 2026

/s/ Mark E. Spring
Mark E. Spring
Chief Financial Officer and Treasurer (Principal Financial Officer and
Principal Accounting Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), of Artelo Biosciences, Inc. (the "Company"), I, Gregory D. Gorgas, Chief Executive Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: November 12, 2026

/*s/ Gregory D. Gorgas*
Gregory D. Gorgas
President, Chief Executive Officer, and Director
(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), of Artelo Biosciences, Inc. (the "Company"), I, Mark E. Spring, Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: November 12, 2026

/*s/ Mark E. Spring*
Mark E. Spring
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)