UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

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

For the transition period from to .

Commission file number: 001-33637

Cumberland Pharmaceuticals Inc.

(Exact Name of Registrant as Specified In Its Charter)

Tennessee	**62-1765329**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
1600 West End Avenue, Suite 1300, Nashville, Tennessee	**37203**
(Address of Principal Executive Offices)	**(Zip Code)**

(615) 255-0068
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:		
Class	Trading Symbol	Name of exchange on which registered
Common stock, no par value	CPIX	Nasdaq Global Select Market

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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 14,983,107 shares of common stock as of August 4, 2026.

CUMBERLAND PHARMACEUTICALS INC.
INDEX

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,862,402	$ 11,444,693
Accounts receivable, net	13,419,594	16,944,780
Inventories, net	29,935	29,935
Prepaid and other current assets	675,993	654,166
Current assets held for sale/related to discontinued operations	15,653,221	7,986,693
Total current assets	33,641,145	37,060,267
Non-current inventories	40,879	40,879
Property and equipment, net	248,808	264,724
Intangible assets, net	43,804	53,621
Operating lease right-of-use assets	7,281,280	5,781,728
Other assets	3,171,623	2,973,378
Assets held for sale/related to discontinued operations	18,452,155	30,649,395
Total assets	$ 62,879,694	$ 76,823,992
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 19,554,251	$ 18,567,546
Operating lease current liabilities	503,016	467,774
Pre-close accrued liabilities	7,518,645	7,774,143
Other current liabilities	2,242,122	2,855,952
Current liabilities held for sale/related to discontinued operations	5,375,104	7,079,504
Total current liabilities	35,193,138	36,744,919
Revolving line of credit - long term	—	5,240,733
Operating lease non-current liabilities	4,211,168	4,471,965
Other long-term liabilities	3,981,224	3,626,875
Liabilities held for sale/related to discontinued operations	2,387,716	2,195,278
Total liabilities	45,773,246	52,279,770
Equity:		
Shareholders' equity:		
Common stock— no par value; 100,000,000 shares authorized; 14,983,107 and 14,956,627 shares issued and outstanding as of June 30, 2026, and December 31, 2025, respectively	51,808,088	51,684,381
Accumulated deficit	(34,370,075)	(26,804,059)
Total shareholders' equity	17,438,013	24,880,322
Noncontrolling interests	(331,565)	(336,100)
Total equity	17,106,448	24,544,222
Total liabilities and equity	$ 62,879,694	$ 76,823,992

See accompanying Notes to Condensed Consolidated Financial Statements.

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Net revenues from continuing operations	$ 166,458	$ 380,797	$ 330,308	$ 547,425
Costs and expenses:				
Research and development	772,162	837,401	1,538,007	1,522,188
General and administrative	2,547,606	2,657,146	4,870,980	4,855,889
Amortization	7,151	5,769	14,152	11,844
Total costs and expenses	3,326,919	3,500,316	6,423,139	6,389,921
Operating loss	(3,160,461)	(3,119,519)	(6,092,831)	(5,842,496)
Interest income	60,884	127,489	138,915	253,198
Interest expense	(724)	(471)	(790)	(4,863)
Loss before income taxes	(3,100,301)	(2,992,501)	(5,954,706)	(5,594,161)
Income tax expense	(3,870)	(5,671)	(7,741)	(11,341)
Net loss from continuing operations	(3,104,171)	(2,998,172)	(5,962,447)	(5,605,502)
Net income (loss) from discontinued operations	(1,170,259)	2,262,965	(1,599,034)	6,118,479
Net income (loss)	(4,274,430)	(735,207)	(7,561,481)	512,977
Net income (loss) at subsidiary attributable to noncontrolling interests	(1,947)	(5,533)	(4,535)	3,351
Net income (loss) attributable to common shareholders	$ (4,276,377)	$ (740,740)	$ (7,566,016)	$ 516,328
Income (loss) per share attributable to common shareholders				
- Continuing operations - basic	$ (0.21)	$ (0.20)	$ (0.40)	$ (0.37)
- Discontinued operations - basic	(0.08)	0.15	(0.11)	0.41
	$ (0.29)	$ (0.05)	$ (0.51)	$ 0.03
- Continuing operations - diluted	$ (0.21)	$ (0.20)	$ (0.40)	$ (0.37)
- Discontinued operations - diluted	(0.08)	0.15	(0.11)	0.41
	$ (0.29)	$ (0.05)	$ (0.51)	$ 0.03
Weighted-average shares outstanding				
- basic	14,981,607	14,960,596	14,970,968	14,951,609
- diluted	14,981,607	14,960,596	14,970,968	14,951,609

See accompanying Notes to Condensed Consolidated Financial Statements.

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income (loss)	$ (7,561,481)	$ 512,977
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	71,619	77,769
Amortization of operating lease right-of-use asset	481,323	481,323
Share-based compensation	184,708	154,898
Increase in cash surrender value of life insurance policies over premiums paid	(166,262)	(40,507)
Net changes in assets and liabilities affecting operating activities:		
Accounts receivable	3,525,186	1,384,555
Inventories, net	—	101,653
Other current assets and other assets	(42,941)	(259,885)
Operating lease liabilities	(452,202)	(440,442)
Accounts payable and other current liabilities	108,230	(2,621,548)
Other long-term liabilities	354,349	(50,763)
Net cash provided by (used in) operating activities from continuing operations	(3,497,471)	(699,970)
Discontinued operations	4,053,236	5,442,288
Net cash provided by operating activities	555,765	4,742,318
Cash flows from investing activities:		
Additions to property and equipment	(38,283)	(74,116)
Investment in cash surrender value of life insurance policies	(42,018)	—
Net (increase) decrease of investment in manufacturing	(1,754,228)	—
Additions to intangible assets	(7,603)	(10,526)
Net cash used in investing activities from continuing operations	(1,842,132)	(84,642)
Discontinued operations	(145,459)	(857,680)
Net cash used in investing activities	(1,987,591)	(942,322)
Cash flows from financing activities:		
Proceeds from ATM offering, net	—	5,266,334
Payments on line of credit	(5,240,733)	(10,035,437)
Payments made in connection with repurchase of common shares	(61,001)	(253,039)
Net cash used in financing activities from continuing operations	(5,301,734)	(5,022,142)
Discontinued operations	(848,731)	(654,757)
Net cash used in financing activities	(6,150,465)	(5,676,899)
Net decrease in cash and cash equivalents	(7,582,291)	(1,876,903)
Cash and cash equivalents at beginning of period	$ 11,444,693	$ 17,964,184
Cash and cash equivalents at end of period	$ 3,862,402	$ 16,087,281

See accompanying Notes to Condensed Consolidated Financial Statements.

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Equity
(Unaudited)

	Common stock		Accumulated deficit	Noncontrolling interests	Total equity
	Shares	Amount			
Balance, December 31, 2024	13,952,624	$ 46,821,425	$ (23,967,931)	$ (307,517)	$ 22,545,977
Share issuances	1,000,000	4,715,950	—	—	4,715,950
Share-based compensation	62,350	74,213	—	—	74,213
Repurchase of common shares	(53,837)	(243,705)	—	—	(243,705)
Net income (loss)	—	—	1,257,068	(8,884)	1,248,184
Balance, March 31, 2025	14,961,137	$ 51,367,883	$ (22,710,863)	$ (316,401)	$ 28,340,619
Balance, March 31, 2025	14,961,137	$ 51,367,883	$ (22,710,863)	$ (316,401)	$ 28,340,619
Share issuances	—	—	—	—	—
Share-based compensation	600	80,685	—	—	80,685
Repurchase of common shares	(1,800)	(7,170)	—	—	(7,170)
Net income (loss)	—	—	(740,740)	5,533	(735,207)
Balance, June 30, 2025	14,959,937	$ 51,441,398	$ (23,451,603)	$ (310,868)	$ 27,678,927

	Common stock		Accumulated deficit	Noncontrolling interests	Total equity
	Shares	Amount			
Balance, December 31, 2025	14,956,627	$ 51,684,381	$ (26,804,059)	$ (336,100)	$ 24,544,222
Share-based compensation	46,725	106,842	—	—	106,842
Repurchase of common shares	(20,245)	(61,001)	—	—	(61,001)
Net income (loss)	—	—	(3,289,639)	2,588	(3,287,051)
Balance, March 31, 2026	14,983,107	$ 51,730,222	$ (30,093,698)	$ (333,512)	$ 21,303,012
Balance, March 31, 2026	14,983,107	$ 51,730,222	$ (30,093,698)	$ (333,512)	$ 21,303,012
Share-based compensation	—	77,866	—	—	77,866
Net income (loss)	—	—	(4,276,377)	1,947	(4,274,430)
Balance, June 30, 2026	14,983,107	51,808,088	(34,370,075)	(331,565)	17,106,448

See accompanying Notes to Condensed Consolidated Financial Statements

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) ORGANIZATION AND BASIS OF PRESENTATION

Cumberland Pharmaceuticals Inc. ("Cumberland," the "Company," or as used in the context of "we," "us," or "our"), is an innovation-focused biopharmaceutical company developing new product candidates for rare diseases and other serious conditions. Following the completion of a Strategic Transaction to integrate our commercial brands and organization with Apotex, Cumberland has increased its focus on advancing its proprietary pipeline addressing poorly met medical needs with large potential market opportunities.

Cumberland's growth strategy is centered on creating long-term shareholder value by advancing its proprietary line of differentiated product candidates, leveraging our existing partnerships, while maintaining financial discipline.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of the Company have been prepared on a basis consistent with the December 31, 2025, audited consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly present the information set forth herein. All significant intercompany accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission (the "SEC"), and certain information and disclosures have been condensed or omitted as permitted by the SEC for interim period presentation. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Annual Report on Form 10-K"). The results of operations for the three and six months ended June 30, 2026, are not necessarily indicative of the results to be expected for the entire fiscal year or any future period.

Discontinued Operations

On April 22, 2026, the Company entered into an Asset Purchase Agreement (the "Apotex Agreement") with Apotex Inc. and certain affiliates ("Apotex"). Under the Apotex Agreement, the Apotex affiliates will integrate the specified assets relating to the Company’s FDA-approved products and certain product-related equity interests for cash consideration of $100,000,000 at closing, together with up to $9,000,000 for inventory reimbursement and approximately $2,000,000 for transaction services over the 12 months following closing. On July 1, 2026, the Company completed the closing of the strategic transaction ("Strategic Transaction") with Apotex, pursuant to the Apotex Agreement.

Cumberland has retained its robust portfolio of innovative product candidates and its majority ownership position in Cumberland Emerging Technologies Inc. Following the closing, Cumberland will focus its resources on developing ifetroban, a potent thromboxane antagonist currently being studied across clinical programs targeting serious rare and progressive diseases.

In accordance with ASC 205-20, *Presentation of Financial Statements: Discontinued Operations,* a disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results. In the period in which the component meets held-for-sale or discontinued operations criteria the major current assets, non-current assets, current liabilities, and non-current liabilities shall be reported as components of total assets and liabilities separate from those balances of the continuing operations and disclosed in the notes to financial statements. At the same time, the results of all discontinued operations, less applicable income taxes, shall be reported as components of net income (loss) separate from the net income (loss) of continuing operations. For additional information, see Note 13, Discontinued Operations.

Recent Accounting Guidance

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued final guidance in Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which is intended to improve transparency of segment disclosures, primarily through expanded disclosures for significant segment expenses. The guidance is effective for annual periods beginning in 2024 and interim periods beginning in 2025. With the Company having only one segment, the adoption, effective January 1, 2024, did not have a material impact on the Company’s consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("Update 2023-09"), which expands income tax disclosure requirements to include additional information related to the rate reconciliation of our effective tax rates to statutory rates as well as additional disaggregation of taxes paid. The amendments in Update 2023-09 also remove disclosures related to certain unrecognized tax benefits and deferred taxes. Update 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We adopted Update 2023-09 effective for the year ended December 31, 2025 on a prospective basis, with no material impact on the Company's consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"), which requires companies to disclose additional information for certain relevant expense categories in the Statements of Operations and within the notes to the financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted and can be applied either prospectively to financial statements issued for reporting periods after the effective date, or retrospectively to prior periods which are presented in the financial statements. We are currently assessing the impact of the requirements on our consolidated financial statements and disclosures, but do not expect the adoption of Update 2024-03 to result in a change in recognition or measurement of expenses within our consolidated financial statements.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates under different assumptions and conditions. The Company's most significant estimates include: (1) its allowances for chargebacks and accruals for rebates and product returns, (2) the allowances for obsolescent or unmarketable inventory and (3) valuation of contingent consideration liabilities associated with business combinations.

Operating Segments

The Company operates its business as one operating segment focused on innovation and development of new product candidates. Operating segments are identified as components of an enterprise about which separate discrete financial information is evaluated by the chief operating decision maker ("CODM"), or decision-making group, in making decisions regarding resource allocation and assessing performance. The Company has concluded that our new product candidates have similar approval processes with the FDA and similar circumstances.

Following the closing of the Strategic Transaction, the Company does not generate product-related revenues. The CODM utilizes consolidated net income (loss) as the primary measure of segment profit and loss to evaluate performance and allocate capital. Because the Company operates in a single operating segment, the segment metrics, significant segment expenses, and total segment assets are consistent with the consolidated financial statements and are further detailed in *Part II - Results of Operations*. Non-operating investment income generated from the proceeds of the commercial divestiture is managed centrally at the corporate level and is excluded from the CODM's evaluation of core portfolio performance.

Trade and Note Receivables Policy

Management evaluates the application of Current Expected Credit Losses (CECL) to all of its financial instruments including trade and note receivables. CECL is applicable to all financial instruments measured at amortized cost. Therefore for the Company, this principally relates to trade receivables and two notes receivable. CECL also requires the measurement of expected credit losses on a collective (pool) basis when similar risk characteristics exist. This may include, either individually or in combination, some of the following characteristics of Accounting Standards Codification ("ASC") 326-20-55-5:

a. Internal or external credit score/rating
b. Risk ratings or classification
c. Financial asset type
d. Size
e. Effective interest rate
f. Term
g. Geographical location
h. Historical or expected credit loss patterns
i. Reasonable and supportable forecast periods

The standard requires entities to pool financial assets but allows them to choose which risk characteristics to use. Under the requirements of the guidance, the Company reassesses at the end of each reporting period whether the pool of assets continues to display similar risk characteristics.

With over twenty years of experience, Cumberland has experienced virtually no write downs of receivables as most of our receivables are due from large successful pharmaceutical, healthcare or government customers, consistently making payments on account. Although the payment behaviors of all of our customers are consistently reliable, for the sake of transparency, we have separated our customer base into seven separate pools. The Company performs a monthly analysis of aged accounts receivable to determine how much, if any, of the accounts receivable balance should be reserved as potential bad debt. The Company reviews all balances over 90 days past due for a possible reserve and considers any specific factors or information for balances aged under 90 days if there are indicators that the balance should be reserved, such as other aged balances with the customer or bankruptcy as well as any economic issues with a customer industry or region.

(2) EARNINGS (LOSS) PER SHARE

The following table reconciles the numerator and denominator used to calculate basic and diluted earnings (loss) per share for the three and six months ended June 30, 2026 and 2025:

	Three months ended June 30,	
	2026	**2025**
Numerator:		
Net income (loss) attributable to common shareholders	$ (4,276,377)	$ (740,740)
Denominator:		
Weighted-average shares outstanding – basic	14,981,607	14,960,596
Dilutive effect of other securities	—	—
Weighted-average shares outstanding – diluted	14,981,607	14,960,596

	Six months ended June 30,	
	2026	**2025**
Numerator:		
Net income (loss) attributable to common shareholders	$ (7,566,016)	$ 516,328
Denominator:		
Weighted-average shares outstanding – basic	14,970,968	14,951,609
Dilutive effect of other securities	—	—
Weighted-average shares outstanding – diluted	14,970,968	14,951,609

As of June 30, 2026 and 2025, restricted stock awards and options to purchase 666,906 and 753,089 shares of common stock, respectively, were outstanding but were not included in the computation of diluted earnings per share because the effect would be antidilutive.

(3) REVENUES

Product Revenues

The Company accounts for revenues from contracts with customers under ASC 606.

The Company's net revenues consisted of the following for the three and six months ended June 30, 2026 and 2025:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Products:				
Talicia	$ 2,349,890	$ —	$ 4,266,370	$ —
Sancuso	1,816,737	3,119,112	4,745,372	4,079,920
Vibativ	1,738,887	2,701,854	3,857,183	6,238,609
Kristalose	1,061,442	2,754,299	2,042,926	5,375,405
Caldolor	1,474,288	1,588,293	2,439,852	2,895,733
Acetadote	136,661	193,544	188,643	345,195
Vaprisol	—	(14,621)	518	(15,221)
Omeclamox-Pak	—	(752)	—	(6,139)
RediTrex	1,802	3,244	1,311	2,897
Other revenue	221,534	492,390	390,384	3,634,019
Total revenue	8,801,241	$ 10,837,363	17,932,559	22,550,418
Less discontinued operations	(8,634,783)	$ (10,456,566)	$ (17,602,251)	$ (22,002,993)
Revenue from continuing operations	$ 166,458	$ 380,797	$ 330,308	$ 547,425

On July 1, 2026, the Company completed the closing of the Strategic Transaction with Apotex selling these branded products. We are classifying the revenues from these branded products as discontinued operations.

For the three and six months ended June 30, 2026 and 2025, the amounts noted with regard to Vaprisol, Omeclamox-Pak and RediTrex, resulted from routine sales deduction adjustments of these products which had no sales for the periods represented.

Other Revenues

In early 2025, Cumberland received a $3.0 million milestone payment from our distribution partner in China associated with the approval of Vibativ for that market. The Company has agreements with international partners for commercialization of the Company's products with associated payments included in other revenues. Those agreements provide that each of the partners is responsible for seeking regulatory approvals for the product, and following approval, each partner will be responsible for the ongoing distribution and sales in the respective international territories. Cumberland is typically entitled to receive a non-refundable, up-front payment at the time each agreement is executed as consideration for the product dossier and for the rights to the distinct intellectual property rights in the respective international territory. These agreements also typically provide for additional payments upon a partner's achievement of a defined regulatory approval and sales milestones. The Company may also be entitled to receive royalties on future sales of the products and a transfer price on supplies. The contractual payments associated with the partner's achievement of regulatory approvals, sales milestones and royalties on future sales are recognized as revenue upon occurrence, or at such time that the Company has a high degree of confidence that the revenue would not be reversed in a subsequent period.

Other revenues also include lease income generated by CET's Life Sciences Center, which is a research facility that provides scientists with access to flexible lab space and other resources to develop biomedical products. This lease income, as noted in Footnote 5 - Leases, was approximately $0.2 million for the three months ended June 30, 2026 and 2025, and $0.3 million for the six months ended June 30, 2026 and 2025.

(4) INVENTORIES

The Company works closely with third parties to manufacture and package finished goods for sale. Based on the arrangements with the manufacturer or packager, the Company will either take title to the finished goods at the time of shipment or at the time of arrival at the Company's warehouses. The Company then holds such goods in inventory until distribution and sale. These finished goods inventories are stated at the lower of cost or net realizable value with cost determined using the first-in, first-out method.

The Company continually evaluates inventory for potential losses due to excess, obsolete or slow-moving goods by comparing sales history and projections to the inventory on hand. When evidence indicates that the carrying value may not be recoverable, a charge is taken to reduce the inventory to its current net realizable value. At June 30, 2026 and December 31, 2025, there were no cumulative net realizable value charges for potential obsolescence and discontinuance losses necessary.

The Company purchases the active pharmaceutical ingredient ("API") for Kristalose and Sancuso and maintains the inventory of that raw material. API for the Company's Vaprisol and Vibativ brands were included in the assets associated with the acquisition of those brands and are also included in the raw materials inventory. As these APIs are consumed in the manufacture of our products, the value of the API involved is transferred from raw materials to finished goods. Consigned inventory represents Authorized Generic inventory stored with our partner until shipment to their customers.

As of June 30, 2026, all inventories were classified as current due to the Strategic Transaction with Apotex closing on July 1, 2026. All branded product related inventory is included in discontinued operations with only the ifetroban study drug representing the current inventory on hand.

At June 30, 2026 and December 31, 2025, the Company's net inventories consisted of the following:

	June 30, 2026	December 31, 2025
Raw materials and work in progress	$ 9,679,198	$ 9,832,293
Finished goods	4,932,630	5,646,315
Total	14,611,828	15,478,608
Non-current inventory	(40,879)	(40,879)
Total Inventory	14,570,949	15,437,729
Discontinued operations	(14,541,014)	(15,407,794)
Net inventory from continuing operations	$ 29,935	$ 29,935

At June 30, 2026 and December 31, 2025, the Company's non-current inventories consisted of the following:

	June 30, 2026	December 31, 2025
Ifetroban raw materials	40,879	40,879
Total non-current inventories classified as continuing operations	$ 40,879	$ 40,879

(5) LEASES

On November 15, 2021, Cumberland entered into a lease (the "Broadwest Lease"), pursuant to which the Company leases approximately 16,903 rentable square feet of space (the "Leased Premise") at the Broadwest office campus located in Nashville, Tennessee with 1600 West End Avenue Partners, LLC (the "Landlord"). The Leased Premise serves as the Company's corporate headquarters. The initial term of the Lease is one hundred fifty-seven (157) months, with two consecutive options to renew for a period of 5 years each, with the commencement date of October 25, 2022. This lease currently expires in November 2035.

The Company is responsible for paying rent to the Landlord under the lease beginning three months after the commencement date. The Company pays a base rent of $33.06 per square foot of rentable space with a gradual rental rate increase of 2.5% for each year thereafter of the prior year's base rental. In addition to the monthly base rent, the Company is responsible for its percentage share of the operating expenses of the building. The lease also provided for a tenant improvement allowance which was used to build out the space.

On October 24, 2022, CET provided the notice of exercise to extend the lease with The Gateway to Nashville, LLC (the "Gateway Lease") for five years. The lease is for approximately 14,200 square feet of wet laboratory and office space in Nashville, Tennessee where CET operates the CET Life Sciences Center. The wet laboratory and office space is leased through April 2028. The Company also subleases a portion of the space under this lease.

Also included within the right-of-use assets are start up expenditures related to new supply agreements with Nephron Pharmaceuticals Corporation ("Nephron") for our Vaprisol product, Kindos Pharmaceuticals Co., Ltd. ("Kindos") for our Vibativ and Acetadote products and Recipharm Pharmaservices Pvt. Ltd ("Recipharm") for our ifetroban study drug. These expenditures are classified as embedded leases resulting in right-of-use assets with the carrying value being reduced straight-line over the life of the contracts.

As of June 30, 2026, the right-of-use assets for Nephron and Kindos were $0.5 million and $1.9 million. These assets relate to manufacturing for Vaprisol, Acetadote and Vibativ and are classified as discontinued operations. In addition, the right-of-use assets for Recipharm were $2.8 million. These assets relate to ifetroban manufacturing and are classified in continuing operations.

Operating lease liabilities were recorded as the present value of remaining lease payments not yet paid for the lease term discounted using the incremental borrowing rate associated with each lease. Operating lease right-of-use assets represent operating lease liabilities adjusted for lease incentives and initial direct costs. As the Company’s leases do not contain implicit borrowing rates, the incremental borrowing rates were calculated based on information available at the commencement date of each lease. Incremental borrowing rates reflect the Company’s estimated interest rates for collateralized borrowings over similar lease terms.

The weighted-average remaining lease term for the Broadwest Lease and Gateway Lease is 8.5 years and 8.9 years at June 30, 2026 and December 31, 2025, respectively. The weighted-average incremental borrowing rate used to discount the present value of the remaining lease payments for both leases is 9.34% and 9.36% at June 30, 2026 and December 31, 2025, respectively.

Lease Position

At June 30, 2026 and December 31, 2025, the Company's lease assets and liabilities were as follows:

Right-of-Use Assets	June 30, 2026	December 31, 2025
Operating lease right-of-use assets	$ 7,281,280	$ 5,781,728

Lease Liabilities	June 30, 2026	December 31, 2025
Operating lease current liabilities	$ 503,016	$ 467,774
Operating lease non-current liabilities	4,211,168	4,471,965
Total	$ 4,714,184	$ 4,939,739

As of June 30, 2026, cumulative future minimum sublease income under non-cancelable operating subleases totals approximately $0.1 million which includes the 90-day notice required for lease termination. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) are as follows:

Maturity of Lease Liabilities at June 30, 2026	Operating Leases
2026	$ 457,707
2027	934,181
2028	740,791
2029	650,766
2030	667,049
After 2030	3,529,586
	6,980,080
Less: Interest	2,265,896
Present value of lease liabilities	$ 4,714,184

Rent expense is recognized over the expected term of the lease, including renewal option periods, if applicable, on a straight-line basis as a component of general and administrative expense. Rent expense and sublease income were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Rent expense	$ 358,961	$ 363,583	$ 703,126	$ 718,335
Sublease income	$ 166,458	$ 162,797	$ 330,308	$ 321,426

(6) SHAREHOLDERS' EQUITY AND DEBT

Share repurchases

Cumberland currently has a share repurchase program available to repurchase its common stock pursuant to Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In January 2019, the Company's Board of Directors established the current $10 million repurchase program to replace the prior authorizations. During the six months ended June 30, 2026 and June 30, 2025, the Company repurchased 20,245 and 55,637 shares of common stock for approximately $0.1 million and $0.3 million, respectively. At June 30, 2026, there remains approximately $2.1 million available under the current repurchase program for common share repurchases.

Share Sales

The Company filed an updated Form S-3 with the SEC in December 2023, which was declared effective December 26, 2023 (the "Current Registration Statement"). The Company entered into an agreement with H.C. Wainwright & Co., LLC ("H.C. Wainwright") to establish a new At the Market ("ATM") program under the Current Registration Statement. On March 20, 2024, the Company filed a related prospectus supplement in connection with the sale and issuance of shares having an aggregate gross sales price of up to $5.8 million. On February 5, 2025, the Company issued 1,000,000 shares under an ATM for an aggregate amount of $5.5 million. As a result of this transaction, deferred offering costs of $0.6 million related to the ATM were reclassified as a reduction of paid-in-capital. On February 14, 2025, the Company filed a prospectus supplement to amend the previous prospectus supplement to increase the maximum gross sales price from $5.8 million to $10 million. The Company intends to continue an ATM feature through H.C. Wainwright, that would allow the Company to additionally issue shares of its common stock.

Restricted Share Grants and Incentive Stock Options

During the six months ended June 30, 2026 and June 30, 2025, the Company issued 37,250 shares and 35,110 shares of restricted stock, respectively, to advisors and directors. Restricted stock issued to advisors generally cliff-vests on the fourth anniversary of the date of grant and for directors on the one-year anniversary of the date of grant. During the six months ended June 30, 2026 and June 30, 2025, the Company also issued 173,000 and 179,500 incentive stock options, respectively, to employees that cliff-vest on the fourth anniversary of the date of grant, and are largely set to expire in 2036 and 2035, respectively.

Stock compensation expense is presented as a component of general and administrative expense in the condensed consolidated statements of operations as it relates to these restricted share grants and options. For the six months ended June 30, 2026 and 2025, stock compensation expense was $0.2 million for each period. For the six months ended June 30, 2026 and 2025, we recorded a credit of $19,600 and $5,973, respectively, to stock compensation expense related to the forfeiture of unvested incentive stock options.

Debt Agreement

On September 5, 2023, the Company entered into a new Revolving Credit Loan Agreement (the "Loan Agreement") with Pinnacle Bank. This facility provides for an aggregate principal funding amount of up to $25 million. The initial revolving line of credit was up to $20 million, with the ability for Cumberland to increase the amount to $25 million, under certain conditions. It had a 3-year term expiring on October 1, 2026. The interest rate is based on Benchmark (Term SOFR) plus 2.75%. Cumberland was initially subject to one financial covenant, the maintenance of a Funded Debt Ratio, determined on a quarterly basis. Borrowings under the line of credit are collateralized by substantially all of our assets.

On May 6, 2024, the Company entered into a First Amendment to the Loan Agreement which provides an alternative to the financial covenant by delivering to the lender a borrowing base certificate and complying with certain borrowing base requirements which set forth a maximum revolver amount equal to the lessor of (a) up to $20 million or (b) the sum of the Company's cash balances and eligible accounts receivable.

On November 18, 2025, the Company entered into the First Amendment to the Revolving Credit Note and Second Amendment to the Loan Agreement. The Amendment provides for a principal available for borrowing of up to $15 million. The Company has the right to request an increase of up to an additional $10 million. The aggregate principal funding amount remains unchanged of up to $25 million. The Company is subject to a financial covenant, maintenance of a Minimum Fixed Charge Coverage Ratio determined on a quarterly basis, along with Borrowing Base Requirements, as defined. The Amendment extends the maturity date to October 1, 2027.

On June 29, 2026, in connection with the closing of the Strategic Transaction with Apotex, Cumberland terminated and repaid in full all outstanding obligations, approximately $5.2 million, due under the Loan Agreement dated as of September 5, 2023. In connection with the termination and repayment in full of all outstanding obligations under the Loan Agreement, all related liens and security interests were terminated, discharged and released.

As of December 31, 2025, the Company had $5.2 million in borrowings outstanding under its revolving credit facility.

(7) INCOME TAXES

As of June 30, 2026, the Company had approximately $52.6 million in federal net operating loss carryforwards including approximately $44.1 million of net operating loss carryforwards resulting from the exercise of nonqualified stock options. These have historically been used to significantly offset income tax obligations. For the tax year 2026, the Company expects to utilize these net operating loss carryforwards to offset the tax liability associated with the taxable gain resulting from closing the Strategic Transaction with Apotex.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company adopted the tax provisions in the current period.

(8) COLLABORATIVE AGREEMENTS

Cumberland is a party to several collaborative arrangements with research institutions to identify and pursue promising pharmaceutical product candidates. The funding for these programs is primarily provided through SBIR/STTR programs and other grant awards. The Company has determined that these collaborative agreements, with the exception of the collaborative payment discussed in Note 10, related to Vibativ and Sancuso contingent consideration payments, do not meet the criteria for accounting under ASC Topic 808, *Collaborative Agreements*. The agreements do not specifically designate each party’s rights and obligations to each other under the collaborative arrangements. Except for patent defense costs, expenses incurred by one party are not required to be reimbursed by the other party. Expenses incurred under these collaborative agreements are included in research and development expenses and funding received from grants are recorded as net revenues in the condensed consolidated statements of operations.

(9) COMMITMENTS AND CONTINGENCIES

The Company is involved in litigation arising in the normal course of business. The Company does not believe that the disposition or ultimate resolution of existing claims or lawsuits will have a material adverse effect on the business or financial condition of the Company.

(10) PRODUCT ACQUISITIONS AND RETURN OF PRODUCT RIGHTS

Vibativ

During November 2018, the Company executed an agreement with Theravance Biopharma ("Theravance") to acquire the assets and global rights to Vibativ including responsibility for the marketing, distribution, manufacturing and regulatory activities associated with the brand. Vibativ is a patented, FDA approved injectable anti-infective for the treatment of certain serious bacterial infections including hospital-acquired and ventilator-associated bacterial pneumonia and complicated skin and skin structure infections. It addresses a range of Gram-positive bacterial pathogens, including those that are considered difficult-to-treat and multidrug-resistant.

Cumberland accounted for the transaction as a business combination in accordance with ASC 805 and the product sales are included in the results of operations subsequent to the acquisition date. The Company made an upfront payment of $20 million at the closing of the transaction and a $5 million milestone payment in early April 2019. In addition, Cumberland has agreed to pay royalties of up to 20% of on-going net sales of the product in the U.S. after an annual $3 million threshold is met. The future royalty payments were recognized at their acquisition-date fair value as a contingent consideration liability, as part of the contingent consideration transferred in the business combination. Cumberland prepared the valuations of the contingent consideration liability utilizing significant unobservable inputs. As a result, the valuation is classified as Level 3 fair value measurement.

The following table presents the changes in the fair value of the contingent consideration liability that is remeasured on a recurring basis. The contingent consideration earned and accrued in operating expenses is paid to Theravance quarterly.

Balance at December 31, 2025	$	3,630,598
Cash payment of royalty during the period		(554,410)
Change in fair value of contingent consideration included in operating expenses		(259,315)
Contingent consideration earned and accrued in operating expenses		565,583
Balance at June 30, 2026	$	3,382,456

The contingent consideration liability of $3.4 million was accounted for as $1.4 million of other current liabilities and $2.0 million of other long-term liabilities on the condensed consolidated balance sheet as of June 30, 2026. As these liabilities pertain to Vibativ, they are classified as discontinued operations.

Sancuso

On January 3, 2022, Cumberland acquired the U.S. rights to the FDA-approved oncology-supportive care medicine Sancuso from Kyowa Kirin, Inc. ("Kyowa Kirin"), the U.S. affiliate of Japan-based Kyowa Kirin Co., Ltd.

Sancuso is the first and only FDA-approved prescription patch for the prevention of nausea and vomiting in patients receiving certain types of chemotherapy treatment. The active drug in Sancuso, granisetron, slowly dissolves in the thin layer of adhesive that sticks to the patient's skin and is released into their bloodstream over several days, working continuously to prevent chemotherapy-induced nausea and vomiting ("CINV"). It is applied 24 to 48 hours before receiving chemotherapy and can prevent CINV for up to five consecutive days. Alternative oral treatments must be taken several times (day and night) to deliver the same therapeutic doses.

Cumberland acquired U.S. rights to Sancuso and assumed full commercial responsibility for the product in the United States – including its marketing, promotion, distribution, manufacturing and medical support activities. The product's FDA registration was subsequently transferred from Kyowa Kirin to Cumberland in August 2023.

Cumberland has accounted for this transaction as a business combination in accordance with ASC 805 and the product sales are included in the results of operations subsequent to the acquisition date. The Company made an upfront payment of $13.5 million at the closing of the transaction. The agreement called for milestone payments of up to $3.5 million based on the attainment of various approvals and sales performance. In January 2023, Cumberland made a $1.0 million milestone payment to Kyowa Kirin based on the FDA approval of a manufacturing site for the product. In October 2023, Cumberland made a $0.5 million milestone payment based on the successful transfer of the product's FDA registration from Kyowa Kirin to Cumberland.

The remaining $2.0 million in milestones are tied to achievement of certain annual sales levels for the product.

In addition, Cumberland has agreed to initially pay a royalty of 10% of on-going net sales of Sancuso. That royalty rate was subsequently reduced to 5% in early 2025. The future royalty payments were required to be recognized at their acquisition-date fair value as a contingent consideration liability, as part of the contingent consideration transferred in the business combination. Cumberland has prepared a valuation of the contingent consideration liability utilizing significant unobservable inputs. As a result, the valuation is classified as Level 3 fair value measurement.

The following table presents the changes in the fair value of the contingent consideration liability that is remeasured on a recurring basis.

Balance at December 31, 2025	$	1,273,000
Cash payment of milestones and royalty during the period		(294,321)
Change in fair value of contingent consideration included in operating expenses		(188,908)
Contingent consideration earned and accrued in operating expenses		237,269
Balance at June 30, 2026	$	1,027,040

The contingent consideration liability earned and accrued in operating expenses is paid to Kyowa Kirin quarterly. The contingent consideration liability of $1.0 million was accounted for as $0.6 million of current liabilities and $0.4 million of other long-term liabilities on the condensed consolidated balance sheet as of June 30, 2026. As these liabilities pertain to Sancuso, they are classified as discontinued operations.

RediTrex

On July 12, 2022, Cumberland entered into an amendment to an agreement with Nordic Group B.V.("Nordic") returning all the U.S. rights to RediTrex back to Nordic including the trademark and market authorization effective June 30, 2023. The companies have cooperated on the transition and Cumberland will receive a long-term royalty on any Nordic sales of the product.

(11) SEGMENT REPORTING

The Company has one reportable segment. Following the closing of the Strategic Transaction, the Company's continuing operations consist of the development of its proprietary product candidates and the early-stage development activities. The Company's chief operating decision maker, CODM, is its chief executive officer. The CODM uses consolidated, single segment financial information for purposes of evaluating performance, planning and forecasting future period financial results, and allocating resources. The CODM assesses performance for the single segment and decides how to allocate resources based on net income or loss that also is reported on the consolidated statement of operations as net income or loss. The measure of segment assets is reported on the consolidated balance sheet as total assets.

The following table summarizes selected financial information of the Company’s single operating segment for the three and six months ended June 30, 2026 and 2025 .

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net revenues from continuing operations	$ 166,458	$ 380,797	$ 330,308	$ 547,425
Costs and expenses:				
Research and development	772,162	837,401	1,538,007	1,522,188
General and administrative	2,547,606	2,657,146	4,870,980	4,855,889
Amortization	7,151	5,769	14,152	11,844
Total costs and expenses	3,326,919	3,500,316	6,423,139	6,389,921
Operating loss	(3,160,461)	(3,119,519)	(6,092,831)	(5,842,496)
Interest income	60,884	127,489	138,915	253,198
Interest expense	(724)	(471)	(790)	(4,863)
Loss before income taxes	(3,100,301)	(2,992,501)	(5,954,706)	(5,594,161)
Income tax expense	(3,870)	(5,671)	(7,741)	(11,341)
Net loss from continuing operations	(3,104,171)	(2,998,172)	(5,962,447)	(5,605,502)
Net income (loss) from discontinued operations	(1,170,259)	2,262,965	(1,599,034)	6,118,479
Net income (loss)	(4,274,430)	(735,207)	(7,561,481)	512,977

(12) SUBSEQUENT EVENT

On July 1, 2026, the Company announced the completion of the Strategic Transaction with Apotex, pursuant to the Apotex Agreement. Apotex acquired the Company's branded pharmaceutical products for cash consideration of $100 million, subject to customary post-closing adjustments. Cumberland has retained its portfolio of innovative product candidates and its majority ownership position in Cumberland Emerging Technologies Inc. Following the closing, Cumberland will focus its resources on developing ifetroban, a potent thromboxane antagonist currently being studied across clinical programs targeting serious rare and progressive diseases.

On July 13, 2026, the Company's Board of Directors authorized and declared a special cash dividend of $1.50 per share of common stock payable in cash to the Company’s shareholders of record as of July 23, 2026. The dividend was paid on July 31, 2026 in the amount of $22.5 million. In addition to the special dividend, the Board authorized an open-market share repurchase program of up to $5 million in Cumberland shares of common stock over time. This replaces the previous share repurchase program established in January 2019 that allowed $10 million of share repurchases, of which $2.1 million remained available. The timing and actual number of shares repurchased pursuant the Company’s repurchase program will be determined by management depending on a variety of factors, including stock price, trading volume, market conditions, and other general business considerations. Several Board members will also be establishing new share purchase plans to increase their holdings in the Company.

(13) DISCONTINUED OPERATIONS

On July 1, 2026, the previously announced Strategic Transaction with an affiliate of Apotex was completed. The Strategic Transaction was effected through the Apotex Agreement, dated as of April 22, 2026. Under the terms of the agreement, Apotex acquired Cumberland's portfolio of FDA-approved brands for $100 million in cash consideration.

This Strategic Transaction is designed to unlock value and sharpen Cumberland's focus on advancing its pipeline of differentiated product candidates designed to address unmet medical needs. The integration of Cumberland's products will create more critical mass to support patient care and expand product distribution.

Following the closing of the transaction, Cumberland retained its development programs, as well as its majority ownership in Cumberland Emerging Technologies. This positions Cumberland to operate with the profile of an innovative, development-stage biopharmaceutical organization devoted to new medicines for the future.

Management concluded that the disposition of the commercial branded pharmaceutical products business represents a strategic shift that has a major effect on the Company's operations and financial results. Accordingly, the commercial products business has been presented as a discontinued operation in accordance with *ASC 205-20, Presentation of Financial Statements—Discontinued Operations.*

The held-for-sale and discontinued operations criteria of *ASC 205-20-45-1E* were met on April 22, 2026, upon execution of the Apotex Agreement. Accordingly, the assets and liabilities of the commercial branded pharmaceutical products business have been presented separately in the condensed consolidated balance sheets as of June 30, 2026 and December 31, 2025, and the results of that business have been presented as discontinued operations for all periods presented. These reclassifications had no effect on previously reported total assets, total liabilities, net income (loss) or total equity. Consistent with *ASC 205-20-45-10*, the assets and liabilities presented separately as of December 31, 2025 were not remeasured as though they had been held for sale as of that date.

The disposal group comprised the inventories, intangible assets, goodwill, right-of-use assets and product-related equity interests associated with the commercial branded pharmaceutical products business, together with the related contingent consideration liabilities. Trade accounts receivable, trade accounts payable and cash of that business were retained by the Company and, accordingly, remain classified within continuing operations in the condensed consolidated balance sheets. General corporate overhead has not been allocated to discontinued operations.

The Company measured the disposal group at the lower of its carrying amount or fair value less costs to sell in accordance with ASC 360-10-35-43. Because fair value less costs to sell, determined by reference to the $100 million of cash consideration under the Apotex Agreement, exceeded the carrying amount of the net assets of the disposal group, no impairment loss was recognized upon classification as held for sale or as of June 30, 2026.

The Company expects to recognize a material pre-tax gain on the sale within discontinued operations in the third quarter of 2026. The amount of the gain remains subject to finalization of customary post-closing adjustments and of the inventory reimbursement of up to $9.0 million payable over the twelve months following closing.

Discontinued operations are presented separately in the Consolidated Balance Sheet, Statement of Operations and Statement of Cash Flows for all periods presented. The assets and liabilities of the discontinued operation are presented separately in the condensed consolidated balance sheets as of June 30, 2026 and December 31, 2025, and the results of the discontinued operation are presented separately in the condensed consolidated statements of operations for all periods presented.

Assets and Liabilities of Discontinued Operations

	June 30, 2026	December 31, 2025
ASSETS		
Inventories, net	$ 14,541,014	$ 6,195,583
Prepaid and other current assets	1,112,207	1,791,110
Current assets held for sale/related to discontinued operations	$ 15,653,221	$ 7,986,693
Non-current inventories	$ —	$ 9,212,211
Intangible assets, net	11,485,505	13,974,300
Goodwill [(1)]	914,000	914,000
Operating lease right-of-use assets	2,372,678	2,562,104
Other investment [(2)]	3,679,972	3,986,780
Assets held for sale/related to discontinued operations	$ 18,452,155	$ 30,649,395
LIABILITIES		
Other investment liabilities [(2)]	$ 3,650,104	$ 5,074,504
Other current liabilities	1,725,000	2,005,000
Current liabilities held for sale/related to discontinued operations	$ 5,375,104	$ 7,079,504
Other long-term liabilities	$ 2,387,716	$ 2,195,278
Liabilities held for sale/related to discontinued operations	$ 2,387,716	$ 2,195,278

[(1)] Goodwill relates to Vibativ and Sancuso products.
[(2)] Liabilities that relate to the Company's equity investment in Talicia Holdings, Inc.

Income (Loss) from Discontinued Operations

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net revenues	$ 8,634,783	$ 10,456,566	$ 17,602,251	$ 22,002,993
Costs and expenses:				
Cost of products sold	2,016,852	2,011,389	3,950,741	3,437,103
Selling and marketing	5,372,804	4,223,647	10,444,710	8,455,628
Research and development	647,124	630,998	1,339,715	1,241,287
General and administrative	194,949	217,776	419,020	482,040
Amortization	1,293,049	1,000,715	2,534,982	1,999,970
Interest expense	119,536	109,076	205,309	268,486
Other expense	160,728	—	306,808	—
Total costs and expenses	9,805,042	8,193,601	19,201,285	15,884,514
Net income (loss) from discontinued operations	$ (1,170,259)	$ 2,262,965	$ (1,599,034)	$ 6,118,479

Cash Flows from Discontinued Operations

	Six months ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net changes in assets and liabilities:		
Intangible assets, net	$ 2,488,795	$ 1,987,733
Inventories, net	866,780	777,123
Prepaid and other current assets	678,903	899,907
Other assets	681,989	1,039,190
Other current liabilities	(855,669)	686,201
Other long-term liabilities	192,438	52,134
Net cash provided by operating activities from discontinued operations	$ 4,053,236	$ 5,442,288
Cash flows from investing activities:		
Increase of investment in manufacturing	$ (145,459)	$ (857,680)
Cash flows from financing activities:		
Cash settlement of contingent consideration	$ (848,731)	$ (654,757)

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

Disclosure regarding forward-looking statements

The following discussion contains certain forward-looking statements which reflect management's current views of future events and operations. These statements involve certain risks and uncertainties, and actual results may differ materially from them. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ significantly from the results discussed in these forward-looking statements. Some important factors which may cause results to differ from expectations include: availability of additional debt and equity capital; market conditions at the time additional capital is required; our ability to continue to acquire branded products; product sales; management of our growth and integration of our acquisitions and generally unpredictable conditions in national and international markets. While forward-looking statements reflect our beliefs and best judgment based upon current information, they are not guarantees of future performance. Other important factors that may cause actual results to differ materially from forward-looking statements are discussed in the sections entitled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" of our Annual Report on Form 10-K for the year ended December 31, 2025, and our other filings with the SEC. We do not undertake to publicly update or revise any of our forward-looking statements, even in the event that experience or future changes indicate that the anticipated results will not be realized. The following presentation of management's discussion and analysis of financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in this report on Form 10-Q.

OVERVIEW

Our Business

Cumberland Pharmaceuticals Inc. ("Cumberland," the "Company," or as used in the context of "we," "us," or "our"), is an innovation-focused biopharmaceutical company developing new product candidates for rare diseases and other serious conditions. Following the completion of a Strategic Transaction to integrate our commercial brands and organization with Apotex Inc. (“Apotex”), Cumberland has increased its focus on advancing its proprietary pipeline addressing poorly met medical needs with large potential market opportunities.

Cumberland is developing ifetroban across a range of late stage clinical programs targeting serious conditions with limited treatment options:

- In February 2025 we announced breakthrough results from the Phase 2 FIGHT DMD clinical study of our ifetroban product candidate in patients with cardiomyopathy associated with Duchenne muscular dystrophy (“DMD”). This rare, fatal genetic neuromuscular disease results in deterioration of the skeletal, heart and lung muscles. We have submitted a clinical study report to the FDA and have begun interactions to determine the remaining regulatory requirements. The program has received FDA Orphan Drug and Rare Pediatric Disease and Fast Track designations. In February 2026, the program also received FDA Fast Track designation.
- We also have a Phase 2 clinical program evaluating our ifetroban product candidate in patients with Systemic Sclerosis (“SSc”), or scleroderma, a debilitating autoimmune disorder characterized by diffuse fibrosis of the skin and internal organs. Enrollment in the study is complete and evaluation of the resulting data is underway, with top-line results anticipated as the next milestone.
- Another Phase 2 is underway evaluating ifetroban in patients with Idiopathic Pulmonary Fibrosis (“IPF”), the most common form of progressive fibrosing interstitial lung disease. Patients are currently being enrolled at medical centers across the U.S. Favorable interim safety findings have been announced, and the next milestone is the release of interim efficacy results.
- In collaboration with Vanderbilt Health, we also completed a Phase 2 study of ifetroban to prevent metastasis in high-risk sold tumors. The study’s primary safety endpoint was achieved. In addition, there were favorable trends in decreased metastasis recurrence and metastasis-free survival. Planning is underway for a follow-up study to confirm these findings.

In addition to these late stage clinical programs, Cumberland maintains a majority ownership in *Cumberland Emerging Technologies* (CET), which partners with leading academic institutions to identify and support the progress of promising new product candidates. Several new product candidates are in development at CET, including a treatment for hospitalized patients with delirium.

GROWTH STRATEGY

Cumberland's growth strategy is centered on creating long-term shareholder value by advancing its proprietary line of differentiated product candidates, while maintaining financial discipline. We are seeking long-term, sustainable growth by:

- **Progressing our clinical programs.** We are pursuing a series of key milestones in the clinical development and registration of the innovative new product opportunities associated with our ifetroban development programs. We are seeking efficient regulatory pathways and designations for therapies that address significant unmet medical needs.
- **Incubating future product opportunities at CET.** We are also supplementing our clinical development activities with the early-stage product development activities at CET.
- **Leveraging our partnerships.** We seek to collaborate with leading academic institutions, health care organizations and industry partners that complement our product development capabilities. These relationships enable us to advance our clinical programs, expand our research efforts and identify new opportunities to develop innovative therapies.
- **Managing our operations with financial discipline.** We have strengthened our balance sheet by adding significant new capital, paying off the balance on our line of credit and enhancing our financial flexibility to support the continued advancement of our pipeline, while also creating significant financial reserves for special opportunities. We plan to carefully manage our operating expenses and investments to preserve the resources necessary to execute our strategic objectives while delivering sustainable value for shareholders.

RECENT DEVELOPMENTS

Completion of Strategic Transaction with Apotex

We recently announced the closing of our Transaction with Apotex to integrate our branded businesses. Under the terms of the agreement, Apotex acquired our portfolio of FDA-approved brands for $100 million in cash consideration, following approval by our shareholders. This transaction was designed to unlock value and sharpen our focus on advancing our pipeline of differentiated product candidates designed to address unmet medical needs.

Following the transaction, we have retained our development programs, as well as our majority ownership in Cumberland Emerging Technologies. A number of our employees received and accepted offers of employment from Apotex and began employment with Apotex on July 31, 2026. This transactions positions Cumberland to operate with the profile of a development-stage biopharmaceutical organization.

Board Declares a Special Dividend

Cumberland's Board of Directors authorized and declared a special cash dividend of $1.50 per share of the Company's common stock. The dividend was paid on July 31, 2026, to the shareholders of record as of July 23, 2026.

Following the closing of the transaction with Apotex, an analysis by the Company's tax advisors, along with refined financial projections, indicated greater net cash from the transaction than originally projected. Therefore, Cumberland's Board assessed the Company's future cash needs and evaluated possible alternatives for the excess capital. The Board determined that after the payout of the special dividend, the Company will still have significant liquidity and financial flexibility to fund its long-term product development efforts, with additional reserves available to address any new opportunities.

Updated Results Shared at PPMD Conference

In June 2026, we presented updated results from our Phase 2 FIGHT DMD clinical trial evaluating ifetroban in patients with Duchenne muscular dystrophy-associated cardiomyopathy at the annual Parent Project Muscular Dystrophy (PPMD) Conference.

The updated data included new blood biomarker findings directionally consistent with heart muscle protection, with increases in markers of cardiac protection and repair and reductions in markers of heart muscle injury and cell damage with ifetroban treatment. These biomarker results reinforce the previously reported improvements in cardiac function, consistent with ifetroban's ability to slow the progression of DMD-related heart disease. Together, the findings strengthen the case for developing ifetroban as a therapy targeting cardiomyopathy, the leading cause of death in patients with DMD.

Positive Results in Cancer Metastasis Prevention

In collaboration with Vanderbilt Health, we announced results from a randomized, placebo-controlled Phase 2 study evaluating ifetroban as a potential therapy to inhibit cancer metastasis in patients with Stage I to III malignant solid tumors at high risk of metastatic recurrence. The study met its primary objective of assessing safety and feasibility. Ifetroban was found to be safe and well-tolerated, and no safety signals were identified in markers of blood clotting function.

Although intentionally not powered for efficacy, the study also compared the percentage of patients with distant metastatic recurrence 12 months after completion of therapy in both groups (10 placebo-treated and 18 ifetroban-treated participants) as a prespecified secondary endpoint. While 50% of participants experienced distant metastatic recurrence in the placebo arm, only 17% of participants experienced distant metastatic recurrence in the ifetroban arm ($p=0.091$). Three deaths due to distant metastatic disease occurred in the placebo arm, and none occurred in the ifetroban arm ($p=0.037$).

Metastatic recurrence occurred in 3 of 18 patients (17%) receiving ifetroban, compared with 5 of 10 patients (50%) receiving placebo, a difference that did not reach statistical significance (odds ratio 0.21; $p=0.09$). There were no deaths from distant metastatic disease among patients receiving ifetroban, compared with 3 of 10 patients (30%) receiving placebo ($p=0.037$). The findings support the continued clinical development of ifetroban as a potential approach to inhibiting the metastatic process, an area of significant unmet medical need.

Summary

The completion of our strategic transaction with Apotex marked a transformational milestone for Cumberland, strengthening our financial position and increasing our focus on developing innovative new therapies. With a differentiated clinical pipeline, continued investment in Cumberland Emerging Technologies programs and a disciplined approach to capital allocation, we believe the Company is positioned to advance scientific innovation, while creating long-term value for patients, health care providers and shareholders. We remain committed to executing our development strategy and look forward to reporting our continued progress.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Please see a discussion of our critical accounting policies and significant judgments and estimates in Note 1 to the Company's Condensed Consolidated Financial Statements accompanying this report and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2025 Annual Report on Form 10-K.

Accounting Estimates and Judgments

The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. We base our estimates on past experience and on other factors we deem reasonable given the circumstances. Past results help form the basis of our judgments about the carrying value of assets and liabilities that cannot be determined from other sources. Actual results could differ from these estimates. The Company's most significant estimates include: (1) its allowances for chargebacks and accruals for rebates and product returns, (2) the allowances for obsolescent or unmarketable inventory and (3) valuation of contingent consideration liabilities associated with business combinations.

RESULTS OF OPERATIONS

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

The following table presents the unaudited interim statements of operations for continuing operations for the three months ended June 30, 2026 and 2025:

	Three months ended June 30,		
	2026	**2025**	**Change**
Net revenues from continuing operations	$ 166,458	$ 380,797	$ (214,339)
Costs and expenses:			
Research and development	772,162	837,401	(65,239)
General and administrative	2,547,606	2,657,146	(109,540)
Amortization	7,151	5,769	1,382
Total costs and expenses	3,326,919	3,500,316	(173,397)
Operating income (loss)	(3,160,461)	(3,119,519)	(40,942)
Interest income	60,884	127,489	(66,605)
Interest expense	(724)	(471)	(253)
Loss before income taxes	(3,100,301)	(2,992,501)	(107,800)
Income tax expense	(3,870)	(5,671)	1,801
Net loss from continuing operations	(3,104,171)	(2,998,172)	(105,999)
Net income (loss) from discontinued operations	(1,170,259)	2,262,965	(3,433,224)
Net loss	$ (4,274,430)	$ (735,207)	$ (3,539,223)

Net revenues. The total net revenues for the three months ended June 30, 2026, were $0.2 million compared to $0.4 million for the three months ended June 30, 2025.

The revenue from the branded products is classified as discontinued operations. These products were acquired by Apotex on July 1, 2026. Please see *Note (3) Revenues* for further results of operations by branded product.

Research and development. The research and development costs for the three months ended June 30, 2026 and 2025, were $0.8 million. A portion of our research and development costs is variable as we continue to fund the ongoing clinical initiatives associated with our pipeline product candidates. These variable costs depend on the number of active trials, study sites and patients as well as the cost per patient in each of our clinical programs.

General and administrative. The general and administrative expense for the second quarter of 2026 was $2.5 million similar to $2.7 million for the same period in 2025.

Amortization. Amortization for the three months ended June 30, 2026 and 2025, totaled approximately $0.01 million related to intellectual property of our study drug.

Income taxes. The income tax expense for the three months ended June 30, 2026, and for the three months ended June 30, 2025 was minimal for each year.

Research and Development Expenses

The following table shows the primary components of our research and development expenses for the three months ended June 30, 2026 and 2025.

Research and Development Expenses	Three months ended June 30,	
	2026	2025
External research and development expenses		
Clinical development	$ 402,054	$ 477,882
Regulatory expenses	440,279	357,401
Other external	18,470	9,616
Total external expenses	860,803	844,899
Internal research and development expenses		
Personnel costs	515,400	559,403
Other internal	43,083	64,097
Total internal expenses	558,483	623,500
Total research and development expenses	1,419,286	1,468,399
Discontinued operations	(647,124)	(630,998)
Research and development expenses from continuing operations	$ 772,162	$ 837,401

RESULTS OF OPERATIONS

Six months ended June 30, 2026 compared to the six months ended June 30, 2025

The following table presents the unaudited interim statements of operations for continuing operations for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,		
	2026	**2025**	**Change**
Net revenues from continuing operations	$ 330,308	$ 547,425	$ (217,117)
Costs and expenses:			
Research and development	1,538,007	1,522,188	15,819
General and administrative	4,870,980	4,855,889	15,091
Amortization	14,152	11,844	2,308
Total costs and expenses	6,423,139	6,389,921	33,218
Operating loss	(6,092,831)	(5,842,496)	(250,335)
Interest income	138,915	253,198	(114,283)
Interest expense	(790)	(4,863)	4,073
Loss before income taxes	(5,954,706)	(5,594,161)	(360,545)
Income tax expense	(7,741)	(11,341)	3,600
Net loss from continuing operations	(5,962,447)	(5,605,502)	$ (356,945)
Net income (loss) from discontinued operations	(1,599,034)	6,118,479	(7,717,513)
Net income (loss)	$ (7,561,481)	$ 512,977	$ (8,074,458)

Net revenues. The net revenues for the six months ended June 30, 2026, were $0.3 million compared to $0.5 million for the six months ended June 30, 2025.

The revenue from the branded products is classified as discontinued operations. These products were acquired by Apotex on July 1, 2026. Please see *Note (3) Revenues* for further results of operations by branded product.

Research and development. The research and development costs were $1.5 million for the first six months of 2026 approximately as for the same period last year. A portion of our research and development costs is variable as we continue to fund the ongoing clinical initiatives associated with our pipeline product candidates. These variable costs depend on the number of active trials, study sites and patients as well as the cost per patient in each of our clinical programs.

General and administrative. The general and administrative expenses for the six months ended June 30, 2026, was $4.9 million compared to $4.9 million during the six months ended June 30, 2025. This slight increase is due to a decline in corporate life insurance charges for the period.

Amortization. Amortization for the six months ended June 30, 2026, and six months ended June 30, 2025, totaled approximately $0.01 million related to intellectual property of our study drug.

Income taxes. The income tax expense for the six months ended June 30, 2026 and 2025, was $0.01 million.

As of June 30, 2026, we held approximately $52.6 million in federal net operating loss carryforwards including approximately $44.1 million of net operating loss carryforwards resulting from the exercise of nonqualified stock options that have historically been used to significantly offset income tax obligations. For the tax year 2026, the Company expects to utilize these net operating loss carryforwards to offset the tax liability associated with the taxable gain resulting from closing the Strategic Transaction with Apotex.

Research and Development Expenses

The following table shows the primary components of our research and development expenses for the six months ended June 30, 2026 and 2025.

Research and Development Expenses	Six months ended June 30,	
	2026	2025
External research and development expenses		
Clinical development	$ 902,799	$ 890,104
Regulatory expenses	848,488	715,101
Other external	34,269	23,290
Total external expenses	1,785,556	1,628,495
Internal research and development expenses		
Personnel costs	992,994	1,015,409
Other internal	99,172	119,571
Total internal expenses	1,092,166	1,134,980
Total research and development expenses	2,877,722	2,763,475
Discontinued operations	(1,339,715)	(1,241,287)
Research and development expenses from continuing operations	$ 1,538,007	$ 1,522,188

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Following the closing of the Strategic Transaction on July 1, 2026, our primary sources of liquidity are our cash and cash equivalents, the $100.0 million of proceeds received from Apotex, interest income earned on those proceeds, the inventory reimbursement of up to $9.0 million payable over the twelve months following closing, and grant funding at Cumberland Emerging Technologies. Our continuing operations do not generate product revenues and we expect them to use cash in operations for the foreseeable future. We believe that our internally generated cash flows, existing working capital and the $100 million received July 1, 2026, from Apotex will be adequate to finance internal growth, finance business development initiatives and fund capital expenditures for the foreseeable future.

Working capital was negative $1.6 million as of June 30, 2026, compared with positive $0.3 million as of December 31, 2025. Working capital attributable to continuing operations was negative $11.8 million as of June 30, 2026. That deficit results principally from the balance sheet classification required by ASC 205-20: the branded product inventories of $14.5 million are presented within current assets of discontinued operations, while the related trade accounts payable of the divested business were retained by the Company and remain within accounts payable in continuing operations. It does not reflect a change in the Company's ability to meet its obligations. The revolving credit facility with Pinnacle Bank was repaid in full and terminated on June 29, 2026, and accordingly no borrowing availability existed as of June 30, 2026.

Subsequent to June 30, 2026, the Company received $100.0 million of cash consideration at the closing of the Strategic Transaction on July 1, 2026, and is entitled to receive an inventory reimbursement of up to $9.0 million over the twelve months following closing. On July 31, 2026, the Company paid a special cash dividend of $1.50 per share, or approximately $22.5 million in the aggregate based on shares outstanding as of June 30, 2026, to shareholders of record as of July 23, 2026. The Board also authorized an open-market share repurchase program of up to $5.0 million. After giving effect to these transactions, the Company believes its cash and cash equivalents are sufficient to fund its operations and product development programs for at least the twelve months following the date these financial statements are issued.

The following table summarizes our liquidity and working capital as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
Cash and cash equivalents	$ 3,862,402	$ 11,444,693
Working capital (current assets less current liabilities)	$ (1,551,993)	$ 315,348
Current ratio (multiple of current assets to current liabilities)	1.0	1.0
Working capital, continuing operations	$ (11,830,110)	$ (591,841)
Working capital, discontinued operations	$ 10,278,117	$ 907,189
Revolving line of credit availability	$ —	$ 9,759,267

The following table summarizes our net changes in cash and cash equivalents for the six months ended June 30, 2026 and June 30, 2025:

	Six months ended June 30,	
	2026	2025
Net cash provided by (used in):		
Operating activities	$ 555,765	$ 4,742,318
Investing activities	(1,987,591)	(942,322)
Financing activities	(6,150,465)	(5,676,899)
Net decrease in cash and cash equivalents	$ (7,582,291)	$ (1,876,903)
Net decrease in cash and cash equivalents, continuing operations	$ (10,641,336)	$ (5,806,754)
Net increase in cash and cash equivalents, discontinued operations	$ 3,059,046	$ 3,929,851

The net $7.6 million decrease in cash and cash equivalents for the six months ended June 30, 2026, was primarily attributable to $6.2 million of cash used in financing activities and $2.0 million of cash used in investing activities, partially offset by $0.6 million of cash provided by operating activities.

Cash provided by operating activities totaled $0.6 million for the six months ended June 30, 2026, is primarily driven by a $3.5 million decrease in accounts receivable, amortization of right-of-use assets of $0.5 million, an increase in accounts payable of $0.1 million and $4.1 million provided by discontinued operations. These cash inflows were partially offset by the net loss of $7.6 million. Cash used in continuing operations was $3.5 million and cash provided by discontinued operations was $4.1 million.

Cash used in investing activities totaled $2.0 million which was the result of an increase in investment in manufacturing. Cash used in investing activities from continuing operations was $1.8 million. Cash used in investing activities from discontinued operations was $0.1 million.

Cash used in financing activities totaled $6.2 million for the six months ended June 30, 2026, primarily due to paying off the line of credit of $5.2 million. Cash used in financing activities from continued operations was $5.3 million and cash used in financing activities from discontinued operations was $0.8 million.

The net $1.9 million decrease in cash and cash equivalents for the six months ended June 30, 2025, was primarily attributable to $5.7 million of cash used in financing and $0.1 million used in investing activities, partially offset by $4.7 million of cash provided by operating activities. Cash used in continuing operations was $5.8 million and cash provided by discontinued operations was $3.9 million.

Debt Agreement

On September 5, 2023, the Company entered into a new Revolving Credit Loan Agreement with Pinnacle Bank. This facility provides for an aggregate principal funding amount of up to $25 million. The initial revolving line of credit was up to $20 million, with the ability for Cumberland to increase the amount to $25 million, under certain conditions. It had a three year term expiring on October 1, 2026. The interest rate is based on Benchmark (Term SOFR) plus 2.75%. Cumberland was subject to one financial covenant, the maintenance of a Funded Debt Ratio, determined on a quarterly basis. Borrowings under the line of credit are collateralized by substantially all of our assets.

On May 6, 2024, the Company entered into a First Amendment to the Loan Agreement which provided an alternative to the financial covenant by delivering to the lender a borrowing base certificate and complying with certain borrowing base requirements which set forth a maximum revolver amount equal to the lessor of (a) up to $20 million or (b) the sum of the Company's cash balances and eligible accounts receivable.

On November 18, 2025, the Company entered into the First Amendment to the Revolving Credit Note and Second Amendment to the Credit Loan Agreement. The Amendment provides for a principal available for borrowing of up to $15 million. The Company has the right to request an increase of up to an additional $10 million. The aggregate principal funding amount remains unchanged of up to $25 million. The Company is subject to a financial covenant, maintenance of a Minimum Fixed Charge Coverage Ratio determined on a quarterly basis, along with Borrowing Base Requirements, as defined. The Amendment extends the maturity date to October 1, 2027.

On June 29, 2026, in connection with the closing of the Strategic Transaction with Apotex, Cumberland terminated and repaid in full all outstanding obligations, approximately $5.2 million, due under the Loan Agreement dated as of September 5, 2023. In connection with the termination and repayment in full of all outstanding obligations under the Loan Agreement, all related liens and security interests were terminated, discharged and released.

OFF-BALANCE SHEET ARRANGEMENTS

During the six months ended June 30, 2026 and 2025, we did not engage in any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to market risk related to changes in interest rates on our cash on deposit in highly-liquid money market accounts and our revolving credit facility. We do not utilize derivative financial instruments or other market risk-sensitive instruments to manage exposure to interest rate changes. The main objective of our cash investment activities is to preserve principal while maximizing interest income through low-risk investments.

We believe that our interest rate risk related to our cash and cash equivalents is not material. The risk related to interest rates for these accounts would produce less income than expected if market interest rates fall. Based on current interest rates, we do not believe we are exposed to significant downside risk related to a change in interest on our money market accounts at June 30, 2026.

Exchange Rate Risk

While we operate primarily in the United States, we are exposed to foreign currency risk. Currently, we do not utilize financial instruments to hedge exposure to foreign currency fluctuations. We believe our exposure to foreign currency fluctuation is minimal as our purchases in foreign currency have a maximum exposure of 90 days based on invoice terms with a portion of the exposure being limited to 30 days based on the due date of the invoice. Foreign currency exchange gains and losses were immaterial for the six months ended June 30, 2026 and 2025. Neither a five percent increase nor decrease from current exchange rates would have a material effect on our operating results or financial condition.

Item 4. Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the three months ended June 30, 2026, there has not been any change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The information required by this item is incorporated by reference from Part I, Item 1. Financial Statements, Notes to Unaudited Condensed Consolidated Financial Statements, Note 9.

Item 1A. Risk Factors.

Risk Factor Summary

Investing in our common stock involves a high degree of risk. You should carefully consider all information in this Quarterly Report on Form 10-Q prior to investing in our common stock. These risks are discussed more fully in the section titled "Risk Factors." We have restated and revised our risk factors for material updates for this quarter, where appropriate, from those included in our Annual Report on Form 10-K dated and filed with the SEC on March 9, 2026. These risks and uncertainties include, but are not limited to, the following:

Global and national conditions and events, including, but not limited to, fluctuating interest rates, increased inflation, supply chain disruptions, labor conditions, significant natural disasters, pandemics and public health crises and international conflict, may adversely affect our business, revenues, results of operations and financial condition.

- Failure to implement strategies to enhance our performance could have a material adverse effect on our business, results of operations and financial conditions.
- Our ability to perform depends on keeping and hiring exceptionally talented management and employees, and our failure to do so could have a material adverse effect on our business, revenues, results of operations and financial condition.
- Our success depends, in part, on our ability to successfully obtain or retain high-performing third-party performers on commercially acceptable terms, and the failure to do so can have a material adverse effect on our business, financial conditions and results of operations.
- Our business is subject to stringent government regulations, it must adhere to numerous complex pieces of legislation, and all of our product candidates face regulatory challenges.
- Our business depends on the successful protection of our intellectual property rights and our product candidates becoming approved by regulatory agencies, commercially viable, and accepted by the market.
- Our business is subject to cybersecurity and artificial-intelligence related risks, including risks related to system failures, security breaches, including any cybersecurity incidents, adverse events or other disruptions within our information technology infrastructure at our corporate headquarters; or intellectual property infringement.
- Our business faces an inherent risk of product liability lawsuits related to the testing of our product candidates, and if we cannot successfully defend ourselves against the product liability claim, we may incur substantial liabilities.
- We may attempt to develop internationally and license our product candidates globally, as well as invest in other businesses or joint ventures, all of which may be unsuccessful, divert our management's attention and harm our operating results and prospects.
- Our business depends on the successful development and commercialization of our product candidates. Our ability to generate product revenue will depend on the successful clinical development, registration and eventual commercialization of our product candidates.

We have restated and revised our risk factors for material updates this quarter, where appropriate, from those included in our Annual Report on Form 10-K dated and filed with the SEC on March 9, 2026. The risk factors described below and throughout this report should be carefully considered and could materially affect our business. There are also risks that are not presently known or not presently material, as well as the other information set forth in this report that could materially affect our business. In addition, in our periodic filings with the SEC, press releases and other statements, we discuss estimates and projections regarding our future performance and business outlook. By their nature, such "forward-looking statements" involve known and unknown risks, uncertainties and other factors that in some cases are out of our control. For a further discussion of forward-looking statements, please refer to the section entitled "Special Note Regarding Forward-Looking Statements." These factors could cause our actual results to differ materially from our historical results or our present expectations and projections. These risk factors and uncertainties include, but are not limited to the following:

RISKS RELATED TO OUR BUSINESS AND FINANCIAL POSITION

Global and national economic conditions and events, including, but not limited to increased inflation, changes in interest rates, tariffs, supply chain disruptions, labor conditions, pandemics and public health crises and international conflicts, could affect our future access to liquidity and materially adversely affect our results of operations and financial condition.

Our business and results of operations could be adversely affected by changes in global or national economic conditions. These conditions include, but are not limited to, increased inflation, changes in interest rates, tariffs, supply chain disruptions, labor conditions, significant natural disasters (including as a result of climate change), the negative impacts from pandemics and public health crises (such as the COVID-19 pandemic) and the negative impacts resulting from political and military conflict, trade and other international disputes (including the conflict between Russia and Ukraine and conflicts and instability in the Middle East). These conditions have had a significant adverse impact on economic and market conditions around the world, including the United States. While the economic impact brought by, and the duration of, such global events is difficult to assess or predict, such events could result in additional disruption of global financial markets, reducing our ability to access capital in the future, which could negatively affect our liquidity in the future and in ways that cannot be predicted potentially including a prolonged recessionary environment in the United States. In the longer term, there could be significant new regulatory actions and other events that could limit our activities and investment opportunities or change the functioning of the capital markets, and there is the possibility of a severe worldwide economic downturn.

Inflation rates have fluctuated in recent periods. If our costs, in particular costs related to clinical trial expenses and/or employee-related expenses, were to become subject to significant inflationary pressures, it may adversely impact our business, operating results and financial condition. In response to inflationary pressures, the Federal Reserve raised the benchmark federal funds rate in 2022 and 2023, which led to the increases in interest rates in the credit markets. Although the Federal Reserve lowered the benchmark federal funds rate in 2024 and 2025, it could raise the federal funds rate in the future impacting interest rates in the credit markets and the possibility of slowing economic growth. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets, may further increase economic uncertainty and heighten these risks. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, we may experience increases in the future on our operating costs, including our labor costs and research and development costs, due to supply chain constraints, ongoing international conflicts and employee availability and wage increases.

The United States and other countries have recently begun imposing new tariffs on international trade. While pharmaceuticals have been largely exempt from these recently imposed U.S. tariffs, such exemptions may be removed in the future, which could have a material adverse effect on our business.

We recently completed the divestiture of all of our FDA-approved commercial products, fundamentally transforming our company from a commercial-stage pharmaceutical company into a clinical-stage development company with no approved products or no product revenue.

On July 1, 2026, we completed the divestiture of our FDA-approved products to certain affiliates of Apotex Inc. for aggregate cash consideration of $100 million (the "Transaction"). As a result, we no longer have any FDA-approved products, we no longer generate product revenue, and we have transitioned from a commercial-stage pharmaceutical company to a clinical-stage development company focused on advancing existing and prospective product candidates through clinical trials and regulatory approvals. We retained the assets associated with our existing product candidates and our majority ownership position in Cumberland Emerging Technologies, Inc. ("CET").

This fundamental change in our business presents significant risks, including, without limitation, the loss of all recurring product revenue streams; our dependence on the successful development and future commercialization of our product candidates; the need to deploy the $100 million in transaction proceeds prudently to fund development programs that may take years to reach commercialization, if ever; and the potential for ongoing operating losses for the foreseeable future.

Our future success depends entirely on the successful clinical development, regulatory approval and commercialization of our product candidates, none of which have been approved for sale. Drug development is inherently uncertain, and our programs may not result in approved products.

Following the completion of the Transaction, our business is entirely dependent on the successful development and commercialization of our product candidates. None of these product candidates have been approved by the FDA for marketing, and these product candidates are subject to significant risks associated with drug development. Drug development is a long, expensive and inherently uncertain process with a risk of failure at every stage, and results of earlier studies and trials may not be predictive of future trial results.

The FDA has cleared our INDs for the ifetroban product candidates as we evaluate them as treatments for these conditions. However, there can be no assurance that our ongoing or planned clinical trials will produce results sufficient to support regulatory approval. Delays in the enrollment and completion of our clinical studies could significantly delay any potential commercial launch and affect our product development costs. Moreover, results from the clinical studies may not be favorable. Even if clinical results are positive, the FDA may require additional studies, impose onerous conditions on approval, or decline to approve our product candidates altogether. The regulatory approval process is expensive, lengthy and uncertain, and we may not receive approval to market any of our product candidates.

Even if our product candidates are eventually developed and approved by the FDA, they may not gain significant acceptance in the marketplace and therefore not generate substantial revenue or profits for us. Physicians may determine that existing drugs are adequate to address patients' needs. The extent to which these product candidates will be reimbursed by the U.S. government or third-party payors is currently unknown. Our ifetroban programs have received various FDA designations, including Orphan Drug, Rare Pediatric Disease and Fast Track designations for our Duchenne Muscular Dystrophy Cardiomyopathy program, but these designations do not guarantee approval or commercial success.

As a result of the foregoing and other factors, we cannot predict whether or when any of our product candidates will be approved for commercial sale. If we are unable to successfully develop and commercialize our product candidates, we may never generate product revenue and our business would be materially adversely affected.

We are dependent on a variety of other third parties. If these third parties fail to perform as we expect, our operations could be disrupted and our financial results could suffer.

We have a relatively small internal infrastructure. We rely on a variety of third parties to help us conduct our research and development activities. If these third parties do not continue to provide services to us, or collaborate with us, we might not be able to obtain others who can serve these functions. This could disrupt our research and development activities and increase related costs.

Specifically, we depend and will continue to depend upon independent investigators and collaborators, such as universities, medical institutions, contract research organizations (CROs) and strategic partners to conduct our preclinical and clinical trials. We negotiate budgets and contracts with CROs and study sites, which may result in delays to our development timelines and increased costs. We will rely heavily on these third parties over the course of our clinical trials, and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with Good Clinical Practice (GCPs), which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for therapeutic candidates in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of these third parties fail to comply with applicable GCP regulations, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, such regulatory authorities will determine that any of our clinical trials comply with the GCP regulations. Moreover, our business may be implicated if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws. Any third parties conducting our clinical trials are not and will not be our employees and, except for remedies available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our ongoing preclinical, clinical and nonclinical programs.

Further, these third parties may have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical studies or other drug development activities, which could affect their performance. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to complete development of, obtain regulatory approval of or successfully commercialize our therapeutic candidates. As a result, our financial results and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed. If any of our relationships with trial sites, or any CRO that we may use in the future, terminates, we may not be able to enter into arrangements with alternative trial sites or CROs or do so on commercially reasonable terms. Switching or adding third parties to conduct our clinical trials involves substantial cost and requires extensive management time and focus. In addition, there is a natural transition period when a new third party commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines.

Our CET joint initiative may not result in our gaining access to commercially viable products.

Our CET joint initiative with Vanderbilt University, WinHealth and Tennessee Technology Development Corporation is designed to help us investigate, in a cost-effective manner, early-stage products and technologies. However, we may never gain access to commercially viable products from CET for a variety of reasons, including:

- CET investigates early-stage products, which have risk of failure prior to FDA approval and commercialization;
- In some programs, we do not have pre-set rights to product candidates developed by CET. We would need to agree with CET and its collaborators on the terms of any product licensed or acquired by us;
- We rely principally on government grants to fund CET's research and development programs. If these grants were no longer available, we or our co-owners might be unable or unwilling to fund CET operations at current levels or at all;
- We may become involved in disputes with our co-owners regarding CET policy or operations, such as how best to deploy CET assets or which product opportunities to pursue. Disagreement could disrupt or halt product development; and
- CET may disagree with one of the various universities with which CET is collaborating on research. A disagreement could disrupt or halt product development.

We depend on our key personnel, the loss of whom would adversely affect our operations. If we fail to attract and retain the talent required for our business, our business will be materially harmed.

We are a relatively small company, and we depend to a great extent on principal members of our management, scientific staff, and sales representatives and managers. If we lose the services of any key personnel, in particular, A.J. Kazimi, our Chief Executive Officer, or other members of senior management it could have a material adverse effect on our business prospects. Mr. Kazimi, plays a key role in several operational and strategic decisions such that any loss of his services due to death or disability would adversely impact our day-to-day operations. We have a life insurance policy covering the life of Mr. Kazimi. We have entered into agreements with each of our employees that contain restrictive covenants relating to non-competition and non-solicitation of our customers and suppliers for one year after termination of employment. Nevertheless, each of our officers and key employees may terminate his or her employment at any time without notice and without cause or good reason, and so as a practical matter these agreements do not guarantee the continued service of these employees. Our success depends on our ability to attract and retain highly qualified scientific, technical, sales and managerial personnel and research partners. Competition among pharmaceutical companies for qualified employees is intense, and we may not be able to retain existing personnel or attract and retain qualified staff in the future. If we experience difficulties in hiring and retaining personnel in key positions, we could suffer from delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect operating results.

The size of our organization and our potential growth may lead to difficulties in managing operations.

As of June 30, 2026, we had 88 employees. We may need to continue to expand our managerial, operational, financial and other resources in order to increase our marketing efforts with regard to our currently marketed products, continue our business development and product development activities and commercialize our product candidates. We have experienced, and may continue to experience, growth and increased expenses in the scope of our operations in connection with the continued marketing and development of our products. Our financial performance will depend, in part, on our ability to manage any such growth and expenses of the current organization effectively.

We face potential product liability exposure, and if successful claims are brought against us, we may incur substantial liability for a product candidate and may have to limit its commercialization.

We face an inherent risk of product liability lawsuits related to the testing of our product candidates. An individual may bring a liability claim against us if one of our product candidates causes, or appears to have caused, an injury. If we cannot successfully defend ourselves against the product liability claim, we may incur substantial liabilities. Liability claims may result in injury to our reputation; withdrawal of clinical trial participants; significant litigation costs; substantial monetary awards to or costly settlement with patients; and the inability to commercialize our product candidates.

We have product liability insurance that covers our clinical trials of our product candidates up to a $10 million annual aggregate limit, subject to specified deductibles. Our current or future insurance coverage may prove insufficient to cover any liability claims brought against us.

Because of the increasing costs of insurance coverage, we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise.

Our business and operations would suffer in the event of system failures, security breaches, including any cybersecurity incidents, adverse events or other disruptions within our information technology infrastructure at our corporate headquarters; or in the event of intellectual property infringement.

Our business depends on effective, secure and operational information systems which include systems provided by external contractors and other service providers. Despite the implementation of security measures, our computer systems and information technology infrastructure, including those resources at our corporate headquarters, are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Our business is at risk from and may be impacted by information security incidents, including ransomware, malware, phishing, social engineering, and other security events. Such incidents can range from individual attempts to gain unauthorized access to information technology systems to more sophisticated security threats. These events can also result from internal compromises, such as human error or malicious acts. These events can occur on our systems or on the systems of our partners and subcontractors. In the ordinary course of our business, we store sensitive data, including intellectual property, our proprietary business information and that of our customers. We also maintain personally identifiable information of our employees in our data centers and on our networks. The secure processing and maintenance of this information is critical to our operations. Problems with, or the failure of, our technology and systems or any system upgrades or programming changes associated with such technology and systems would have a substantial and material negative effect on our operations. Furthermore, any system failure, accident or security breach that causes interruptions in our operations could result in a material disruption of our drug development programs.

While we continue to invest in data protection and information technology, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. If we are subject to cyber-attacks or security breaches, this could result in business interruptions and delays; the loss, misappropriation, corruption or unauthorized access of data; litigation and potential liability under privacy, security and consumer protection laws or other applicable laws; reputational damage and federal and state governmental inquiries. Any such problems or failures and the costs incurred in correcting any such problems or failures, could have a material adverse effect on our business and financial condition, results of operations and cash flows. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liability and the further development of our products or product candidates may be delayed. A failure to restore our information systems after the occurrence of any of these events could have a material adverse effect on our business and financial condition, results of operations and cash flows.

Our information systems and applications also require maintenance, upgrading and enhancement to meet our operational needs. We regularly upgrade and expand our information systems' capabilities. If we experience difficulties with the transition and integration of information systems or are unable to implement, maintain, or expand our systems properly, we could suffer from, among other things, operational disruptions, regulatory problems and increases in administrative expenses.

As cyber threats continue to evolve (including through the use of artificial intelligence), we may be required to expend significant capital and other resources to protect against the threat of security breaches or to mitigate and alleviate problems caused by breaches, including unauthorized access to proprietary information and personally identifiable information stored in our information systems, and the introduction of computer viruses or other malicious software programs to our systems. Our security measures may be inadequate to prevent security breaches and our business operations could be materially adversely affected by federal and state fines and penalties, legal claims or proceedings, cancellation of contracts and loss of customers if security breaches are not prevented.

We believe that our subcontractors and vendors take precautionary measures to prevent problems that could affect our business operations as a result of failure or disruption to their information systems. However, there is no guarantee such efforts will be successful in preventing a disruption, and it is possible that we may be impacted by information system failures. The occurrence of any information system failures could result in interruptions, delays, loss or corruption of data and cessations or interruptions in the availability of these systems. All of these events or circumstances, among others, could have an adverse effect on our business, results of operations, financial position and cash flows, and they could harm our business reputation.

We believe we have all the necessary licenses from third parties to use technology and software that we do not own. A third party could, however, allege that we are infringing its rights, which may deter our ability to obtain licenses on commercially reasonable terms from the third party, if at all, or cause the third party to commence litigation against us. In addition, we may find it necessary to initiate litigation to protect our trade secrets, to enforce our intellectual property rights and to determine the scope and validity of any proprietary rights of others. Any such litigation, or the failure to obtain any necessary licenses or other rights, could materially and adversely affect our business.

We may decide not to commercialize one of our product candidates once it obtains regulatory approval if we determine that commercialization of that product would require more capital and time than we are willing to invest.

Even if any of our product candidates receives regulatory approval, it could be subject to matters such as post-regulatory surveillance, additional clinical trials or testing, reformulation, changes in labeling, warnings to the public, recall, competition from similar or superior products, and lack of sufficient payor reimbursement by insurance companies or Medicare. As a result, we may not commercialize or continue to commercialize a product that has obtained regulatory approval.

Any approved drug product that we bring to the market may not gain market acceptance by physicians, patients, healthcare payors and others in the medical community.

Even if we are successful in gaining regulatory approval of any of our drug candidates or acquire rights to approved drug products, we may not generate significant product revenues and we may not become profitable if these drug products do not achieve an adequate level of acceptance. Physicians may not recommend our drug products until longer-term clinical data or other factors demonstrate the safety and efficacy of our drug products as compared to other alternative treatments. Even if the clinical safety and efficacy of our drug products is established, physicians may elect not to prescribe these drug products for a variety of reasons, including the reimbursement policies of government and other third-party payors and the effectiveness of our competitors in marketing their products.

Market acceptance of our drug products, if approved for commercial sale, will depend on a number of factors, including:

- the willingness and ability of patients and the healthcare community to use our drug products;
- the ability to manufacture our drug products in sufficient quantities with acceptable quality and to offer our drug products for sale at competitive prices;
- the perception of patients and the healthcare community, including third-party payors, regarding the safety, efficacy and benefits of our drug products compared to those of competing products or therapies;
- the label and promotional claims allowed by the FDA; and
- the pricing and reimbursement of our drug products relative to existing treatments.

We may acquire businesses or assets, form joint ventures or make investments in other companies that may be unsuccessful, divert our management's attention and harm our operating results and prospects.

As part of our business strategy, we may pursue additional acquisitions of what we believe to be complementary businesses or assets or seek to enter into joint ventures. We also may pursue strategic alliances in an effort to leverage our existing infrastructure and industry experience to expand our product offerings or distribution, or make investments in other companies. The success of our acquisitions, joint ventures, strategic alliances and investments will depend on our ability to identify, negotiate, complete and, in the case of acquisitions, integrate those transactions and, if necessary, obtain satisfactory debt or equity financing to fund those transactions. We may not realize the anticipated benefits of any acquisition, joint venture, strategic alliance or investment. We may not be able to integrate acquisitions successfully into our existing business, maintain the key business relationships of businesses we acquire, or retain key personnel of an acquired business, and we could assume unknown or contingent liabilities or incur unanticipated expenses. Integration of acquired companies or businesses also may require management resources that otherwise would be available for ongoing development of our existing business. Any acquisitions or investments made by us also could result in significant write-offs or the incurrence of debt and contingent liabilities, any of which could harm our operating results. In addition, if we choose to issue shares of our stock as consideration for any acquisition, dilution to our shareholders could result.

We may be required to modify our business practices, pay fines and significant expenses or experience other losses due to governmental investigations or other enforcement activities.

We may become subject to litigation or governmental investigations in the United States and foreign jurisdictions that may arise from the conduct of our business. Like many companies in our industry, we have from time to time received inquiries and other types of information requests from government authorities.

While the ultimate outcomes of investigations and legal proceedings are difficult to predict, adverse resolutions or settlements of those matters could result in, among other things:

- significant damage awards, fines, penalties or other payments, and administrative remedies, such as exclusion and/or debarment from government programs, or other rulings that preclude us from operating our business in a certain manner;
- changes and additional costs to our business operations to avoid risks associated with such litigation or investigations;
- reputational damage; and
- expenditure of significant time and resources that would otherwise be available for operating our business

RISKS RELATING TO GOVERNMENT REGULATION

Our product candidates and clinical development activities are subject to extensive regulation by the FDA and comparable foreign regulatory authorities. The FDA regulates, among other things, the development, testing, manufacture, safety, efficacy, record-keeping, labeling, storage, approval, advertising, promotion, sale, and distribution of pharmaceutical products. The process of obtaining regulatory approval to market a drug is expensive, often takes many years, and can vary substantially based upon the type, complexity, and novelty of the product candidates involved.

Like all pharmaceutical companies conducting clinical trials, we are subject to regulation by the FDA under the Federal Food, Drug and Cosmetic Act ("FDCA"). All new drugs must be the subject of an FDA-approved new drug application ("NDA") before they may be marketed in the United States. The FDA has substantial discretion in the drug approval process and may require us to conduct additional preclinical and clinical testing or to perform post-marketing studies. The approval process may also be delayed by changes in government regulations, future legislation or administrative action, or changes in FDA policy that occur prior to or during our regulatory review. Delays in obtaining regulatory approvals may delay commercialization of our product candidates, impose costly procedures on us, diminish any competitive advantages that we may otherwise enjoy, and adversely affect our business, results of operations and financial condition.

We must comply with the Foreign Corrupt Practices Act.

We are required to comply with the United States Foreign Corrupt Practices Act, which prohibits U.S. companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some of our competitors, are not subject to these prohibitions. If our competitors engage in these practices, they may receive preferential treatment from officials or agencies in some countries, giving our competitors an advantage in securing business from government officials who might give them priority in obtaining new licenses, which would put us at a disadvantage. We have established formal policies or procedures for prohibiting or monitoring this conduct, but we cannot assure you that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties.

We must comply with healthcare fraud and abuse laws and regulations.

We are subject to Federal laws intended to combat fraud and waste such as the Anti-Kickback Statute, False Claims Act, and Medicare and Medicaid laws and regulations. Many states have analogous laws which may be broader than their Federal counterparts, including state licensure laws, fraud and abuse laws, and Medicaid requirements. Compliance with these regulatory requirements can increase operating costs, and thereby adversely affect our financial performance. Also, the life science industry is heavily regulated and the governing laws and regulations are often ambiguous and subject to significant enforcement agency direction in pursuing alleged violations, which makes certainty of compliance challenging. Our failure to comply with health care fraud and abuse laws and regulations could adversely affect our financial performance and operations.

We may be subject to foreign, federal, and state data privacy and security laws, and failure to protect our information systems against security breaches, service interruptions, or misappropriation of data could disrupt operations, compromise sensitive data, and expose us to liability, possibly causing our business and reputation to suffer.

In the United States, numerous federal and state laws and regulations govern the collection, use, disclosure and protection of health-related and other personal information and could apply to our operations or the operations of our collaborators and third-party providers. Certain of these laws grant individual rights with respect to their information, and we may be required to expend significant resources to comply with these laws. For example, the California Consumer Privacy Act, or CCPA, was enacted in 2020. These laws and regulations are evolving and subject to interpretation and may impose limitations on our activities or otherwise adversely affect our business. Similarly, there are a number of legislative proposals in the European Union, the United States, at both the federal and state level, as well as other jurisdictions that could impose new obligations or limitations in areas affecting our business. These changes may lead to additional costs and increase our overall risk exposure.

We may be subject to laws and regulations governing our use of Artificial Intelligence.

The use of Artificial Intelligence ("AI") in health care, and particularly the drug development process, continues to increase and evolve. While there currently is no Federal law governing the use of AI in health care or otherwise, several states and Federal agencies use existing regulations to govern the use of AI and enforce related privacy violations, and it is possible that governing legislation and regulations may be forthcoming given that President Trump has issued multiple AI-related Executive Orders, including an AI Action Plan on July 23, 2025 through Executive Order, "Promoting the Export of the American AI Technology Stock," and a December 11, 2025 Executive Order, "Ensuring a National Policy Framework for Artificial Intelligence."

The FDA has indicated its intention to regulate the use of AI by drug manufacturers through multiple announcements, including its January 2025 draft guidance "Considerations for the Use of Artificial Intelligence to Support Regulatory Decision-Making for Drug and Biological Products," and its January 2026 "Guiding Principles of Good AI Practice in Drug Development," which establishes ten (10) high-level guiding principles concerning future use and regulation of AI by pharmaceutical manufacturers.

As with privacy and security laws, we cannot predict the ultimate result of proposals to govern and regulate AI and any related enforcement actions, or the potential costs any compliance obligations may have on us. Violation of any applicable AI-related laws or regulations could have a material adverse effect on our business, financial condition and operating results.

RISKS RELATING TO INTELLECTUAL PROPERTY

Our patent and intellectual property protection for our product candidates may provide only limited or no protection from competition.

We seek to protect the intellectual property for our product candidates through patent rights and other means. However, neither the USPTO nor the courts have a consistent policy regarding the breadth of claims allowed or the degree of protection afforded under many pharmaceutical patents. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity and is therefore costly, time consuming and inherently uncertain. Changes in either patent laws or in interpretations of patent laws in the U.S. and other countries may increase the uncertainties and costs, diminish the value of our intellectual property, or narrow the scope of our patent protection. Furthermore, our competitors may independently develop similar technologies or duplicate technology developed by us in a manner that does not infringe our patents or other intellectual property. As a result, our patent rights may not provide any commercially valuable protection from competing products.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

In addition to patents, we rely upon trade secrets, unpatented proprietary know-how and continuing technological innovation where we do not believe patent protection is appropriate or attainable. We have entered into confidentiality agreements with certain key employees and consultants pursuant to which such employees and consultants must assign to us any inventions relating to our business if made by them while they are our employees,. Confidentiality agreements can be breached, though, and we might not have adequate remedies for any breach. Also, others could acquire or independently develop similar technology.

If the use of our technology conflicts with the intellectual property rights of third parties, we may incur substantial liabilities, and we may be unable to commercialize products based on this technology in a profitable manner or at all.

If our product candidates conflict with the intellectual property rights of others, they could bring legal action against us or our licensors, licensees, manufacturers, customers or collaborators. If we were found to be infringing a patent or other intellectual property rights held by a third party, we could be forced to seek a license to use the patented or otherwise protected technology. We might not be able to obtain such a license on terms acceptable to us or at all. If legal action involving an alleged infringement or misappropriation were to be brought against us or our licensors, we would incur substantial costs in defending the action. If such a dispute were to be resolved against us, we could be subject to significant damages, and the manufacturing or sale of one or more of our products could be enjoined.

We may be involved in lawsuits to protect or enforce our trademarks or for allegedly infringing the trademark rights of others, which could be costly and time consuming.

We own certain trademark registrations for our corporate name and logo. We have applied for trademark registration for other various names and logos. Over time, we intend to obtain and maintain registrations on trademarks that remain valuable to our business.

Third parties may oppose registration of our federal trademark applications. Further, we could be involved in lawsuits for allegedly infringing the rights of others with respect to their prior-existing trademarks. These lawsuits or opposition proceedings can be costly and time-consuming. A significant adverse ruling in any such lawsuit could put our trademarks at risk of being invalidated and could compromise the issuance of our existing trademark applications.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be disclosed during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the biotechnology and pharmaceutical industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that we or these employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. We are subject to stringent government regulation. All of our products face regulatory challenges.

RISKS RELATED TO OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our operating results are likely to fluctuate from period to period.

Following the completion of the Transaction, we do not expect to generate product revenue for the foreseeable future. Our operating results will depend primarily on the timing and costs of our clinical trials and other development activities. Potential causes of future fluctuations in our operating results may include:

- The initiation, progress, timing and completion of our clinical trials, including the achievement or failure to achieve clinical milestones;
- Changes in the regulatory environment and regulatory actions affecting our product candidates;
- Increases in research and development expenses as our clinical programs advance through later stages of development;
- Our ability to manage our cash reserves and investment income effectively;
- Changes in the competitive landscape, including development activities by competitors targeting the same disease indications; and
- Unexpected product liability or intellectual property claims and lawsuits.

Fluctuation in operating results, particularly if not anticipated by investors and other members of the financial community, could add to volatility in our stock price.

We will need to deploy the cash proceeds from the Transaction to fund our clinical development programs, and our existing resources may not be sufficient to fund all of our planned activities. We may need additional funding and may be unable to raise capital when needed, which could force us to delay, reduce or eliminate certain product development or commercialization efforts.

We received $100 million in cash proceeds from the Transaction, which we intend to use to fund the development of our product candidates, our operations, and for general corporate purposes. Based on our current development plans, we believe these proceeds, together with anticipated interest income, will be sufficient to fund our operations for the foreseeable future. However, drug development is expensive and unpredictable, and our clinical programs may require significantly more capital than currently anticipated due to unforeseen complications, delays, or the need for additional clinical trials. If our cash resources are insufficient to fund our development programs to completion, we may need to raise additional capital through equity or debt financings, strategic alliances, licensing arrangements, or other sources. Additional funding may not be available on acceptable terms, or at all. If we are unable to obtain additional funding when needed, we may be required to delay, reduce, or eliminate one or more of our clinical development programs.

We expect to incur significant losses for the foreseeable future and we may not achieve profitability.

We have no approved products and do not generate product revenue. We expect to incur significant and increasing operating losses for the foreseeable future as we invest in the clinical development of our product candidates.

We anticipate that our operating losses will increase as we advance our product candidates through clinical development, seek regulatory approvals, and prepare for potential commercialization. The development of drug products will require us to spend significant funds on research, development, testing, obtaining regulatory approvals, and potentially manufacturing and marketing.

We cannot be certain whether or when we will achieve profitability because of the significant uncertainties relating to our ability to successfully develop and commercialize our product candidates. Even if we obtain regulatory approval for one or more of our product candidates, we may incur losses if they do not generate significant revenues. If we achieve profitability, we may not be able to sustain or increase profitability.

Our officers, directors, and principal shareholders, acting as a group, could significantly influence corporate actions.

As of June 30, 2026, our officers and directors control approximately 42.38% of our common stock. Acting together, these shareholders could significantly influence any matter requiring approval by our shareholders, including the election of directors and the approval of mergers or other business combinations. The interests of this group may not always coincide with our interests or the interests of other shareholders and may prevent or delay a change in control. This significant concentration of share ownership may adversely affect the trading price of our common stock because many investors perceive disadvantages to owning stock in companies with controlling shareholders.

Research analysts may not continue to provide or initiate coverage of our common stock or may issue negative reports.

The market for our common stock may be affected by the reports financial analysts publish about us. If one of the analysts covering us downgrades our stock, its price could decline rapidly and significantly. Securities analysts covering our common stock may discontinue coverage. A lack of research coverage may adversely affect our stock's market price.

RISKS RELATED TO OWNING OUR STOCK

The market price of our common stock may fluctuate substantially.

The market price of our common stock may decline below current levels. In addition, the market price of our common stock is likely to be highly volatile and may fluctuate substantially. Sales of a substantial number of shares of our common stock in the public market or the perception that these sales may occur could cause the market price of our common stock to decline.

The realization of any of the risks described in these "Risk Factors" could have a dramatic and material adverse impact on the market price of our common stock. In addition, securities class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Any such securities litigation brought against us could result in substantial costs and a diversion of management's attention and resources, which could negatively impact our business, operating results and financial condition.

Unstable market conditions may have serious adverse consequences on our business.

Our general business strategy may be adversely affected by unpredictable and unstable market conditions. While we believe we have adequate capital resources to meet current working capital and capital expenditure requirements, a radical economic downturn or increase in our expenses could require additional financing on less than attractive rates or on terms that are dilutive to existing shareholders. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical developments plans. There is a risk that one or more of our current service providers, manufacturers and other partners may encounter difficult economic circumstances, which would directly affect our ability to attain our operating goals on schedule and on budget. The equity and lending markets have been and will most likely continue to be negatively impacted for an unknown period of time due to global events.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common shares.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common shares. There is also a risk that neither we nor our independent registered public accounting firm (when applicable in the future) will be able to conclude within the prescribed timeframe that internal controls over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We may not be able to maintain our listing on the NASDAQ Global Select Market ("NASDAQ"), which could have a material adverse effect on us and our stockholders.

The standards for continued listing on NASDAQ include, among other things, that the minimum bid price for the listed securities not fall below $1.00 for a period in excess of thirty consecutive business days. If the closing bid price of our common stock were to fail to meet NASDAQ's minimum closing bid price requirement, or if we otherwise fail to meet any other applicable requirements of NASDAQ and we are unable to regain compliance, NASDAQ may make a determination to delist our common stock. The delisting of our common stock from NASDAQ could negatively impact us by (i) reducing the liquidity and market price of our common stock; (ii) reducing the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to raise equity financing; (iii) impacting our ability to use a registration statement to offer and sell freely tradable securities, thereby preventing or limiting us from accessing the public capital markets; and (iv) impairing our ability to provide equity incentives to our employees.

Some provisions of our fourth amended and restated charter, bylaws and Tennessee law may inhibit potential acquisition bids that you may consider favorable.

Our corporate documents contain provisions that may enable our board of directors to resist a change in control of our company even if a change in control were to be considered favorable by you and other shareholders. These provisions include:

- The authorization of undesignated preferred stock, the terms of which may be established and shares of which may be issued without shareholder approval;
- Advance notice procedures required for shareholders to nominate candidates for election as directors or to bring matters before an annual meeting of shareholders;
- Limitations on persons authorized to call a special meeting of shareholders;
- A staggered board of directors;
- A restriction prohibiting shareholders from removing directors without cause;
- A requirement that vacancies in directorships are to be filled by a majority of the directors then in office and the number of directors is to be fixed by the board of directors; and
- No cumulative voting.

These and other provisions contained in our fourth amended and restated charter and bylaws could delay or discourage transactions involving an actual or potential change in control of us or our management, including transactions in which our shareholders might otherwise receive a premium for their shares over then current prices, and may limit the ability of shareholders to remove our current management or approve transactions that our shareholders may deem to be in their best interests and, therefore, could adversely affect the price of our common stock.

In addition, we are subject to control share acquisitions provisions and affiliated transaction provisions of the Tennessee Business Corporation Act, the applications of which may have the effect of delaying or preventing a merger, takeover or other change in control of us and therefore could discourage attempts to acquire our company.

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

Purchases of Equity Securities

We currently have a share repurchase program to purchase up to $10 million of our common stock pursuant to Rule 10b-18 of the Exchange Act. In January 2019, our Board of Directors established the current $10 million repurchase program to replace the prior authorizations for repurchases of our outstanding common stock.

On July 13, 2026, the Board authorized an open-market share repurchase program of up to $5 million in Cumberland shares of common stock over time. This replaces the previous share repurchase program established in January 2019 that allowed $10 million of share repurchases, of which $2.1 million remained available.

The following table summarizes the activity, by month, during the three months ended June 30, 2026:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum number (or Approximate Dollar Value) of Shares (or Units) that May be Purchased Under the Publicly Announced Plans or Programs
April	—	—	—	$ 2,110,997
May	—	—	—	2,110,997
June	—	—	—	2,110,997
Total	—			

Item 5. Other Information

Rule 10b5-1 Trading Plans

None of our directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the three months ended June 30, 2026, as such terms are defined under Item 408(a) of Regulation S-K.

Item 6. Exhibits

No.	Description
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	INLINE XBRL INSTANCE DOCUMENT - THE INSTANCE DOCUMENT DOES NOT APPEAR IN THE INTERACTIVE DATA FILE BECAUSE ITS XBRL TAGS ARE EMBEDDED WITHIN THE INLINE XBRL DOCUMENT.
101.SCH*	INLINE XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
101.CAL*	INLINE XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT
101.DEF*	INLINE XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT
101.LAB*	INLINE XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT
101.PRE*	INLINE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT
104	COVER PAGE INTERACTIVE DATA FILE (FORMATTED AS INLINE XBRL AND CONTAINED IN EXHIBIT 101)

* Filed herewith.

** Furnished herewith.

# Indicates a management contract or compensatory plan

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.

Cumberland Pharmaceuticals Inc.

Date: August 7, 2026

By: /s/ John Hamm
John Hamm
Chief Financial Officer and Duly Authorized Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, A.J. Kazimi, certify that:

1. I have reviewed this Form 10-Q of Cumberland Pharmaceuticals Inc.;

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

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

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

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2026 By: /s/ A.J. Kazimi

A.J. Kazimi
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, John Hamm, certify that:

1. I have reviewed this Form 10-Q of Cumberland Pharmaceuticals Inc.;

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

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

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

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2026 By: /s/ John Hamm

John Hamm
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2026 of Cumberland Pharmaceuticals Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, A.J. Kazimi, Chief Executive Officer and John Hamm, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350), that:

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

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

/s/ A. J. Kazimi

A.J. Kazimi
Chief Executive Officer

August 7, 2026

/s/ John Hamm

John Hamm
Chief Financial Officer

August 7, 2026