Table of Contents

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

FORM 10-K

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

For the Fiscal Year Ended December 31, 2025

or

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

For the Transition Period from ____ to _____.

Commission File No. 001-35366

FORTRESS BIOTECH, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**20-5157386** **(I.R.S. Employer Identification No.)**
1111 Kane Concourse Suite 301 **Bay Harbor Islands, FL 33154** **(Address of Principal Executive Offices)**	**33154** **(Zip Code)**

Registrant's telephone number, including area code: (781) 652-4500

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

Title of Class	Trading Symbol(s)	Exchange Name
Common Stock	FBIO	Nasdaq Capital Market
9.375% Series A Cumulative Redeemable Perpetual Preferred Stock	FBIOP	Nasdaq Capital Market

Securities registered pursuant to section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter: $43,741,728.

Class of Stock	Outstanding Shares as of March 25, 2026
Common Stock, $0.001 par value	32,202,564
9.375% Series A Cumulative Redeemable Perpetual Preferred Stock, $0.001 par value	3,427,138

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2026 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

FORTRESS BIOTECH, INC.
ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Statements in this Annual Report on Form 10-K that are not descriptions of historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. The words "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "might," "plans," "potential," "predicts," "should," or "will" or the negative of these terms or other comparable terminology are generally intended to identify forward-looking statements. These forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could negatively affect our business, operating results, financial condition and stock price. Factors that could cause actual results to differ materially from those currently anticipated include those set forth under "Item 1A. Risk Factors" including, in particular, risks relating to:

- our growth strategy;
- financing and strategic agreements and relationships;
- our need for substantial additional funds and uncertainties relating to financings;
- uncertainty related to timing and amounts expected to be realized from future milestone, contingent value right, royalty or similar future revenue streams, if at all;
- our ability to identify, acquire, close and integrate product candidates successfully and on a timely basis;
- our ability to attract, integrate and retain key personnel;
- the early stage of product candidates under development;
- the results of research and development activities;
- uncertainties relating to preclinical and clinical testing;
- our ability to successfully commercialize products for which we receive regulatory approval;
- the ability to secure and maintain third-party manufacturing, marketing and distribution of our and our partner companies' products and product candidates;
- government regulation;
- patent and intellectual property matters; and
- competition.

We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations or any changes in events, conditions or circumstances on which any such statement is based, except as may be required by law, and we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The information contained herein is intended to be reviewed in its totality, and any stipulations, conditions or provisos that apply to a given piece of information in one part of this Annual Report on Form 10-K should be read as applying *mutatis mutandis* to every other instance of such information appearing herein.

SUMMARY OF RISK FACTORS

Our business is subject to risks of which you should be aware before making an investment decision. The risks described below are a summary of the principal risks associated with an investment in us and are not the only risks we face. You should carefully consider these risk factors, the risk factors described in Item 1A, and the other reports and documents that we have filed with the Securities and Exchange Commission ("SEC"). As used below and throughout this filing (including in the risk factors described in Item 1A), the words "we", "us" and "our" may refer to Fortress Biotech, Inc. individually, to one or more of its subsidiaries and/or partner companies, or to all such entities as a group, as dictated by context.

Risks Inherent in Drug Development

- Many of our product candidates are in early development stages and are subject to time and cost intensive regulation and clinical testing, which may result in the identification of safety or efficacy concerns. As a result, our product candidates may never be successfully developed or commercialized.
- Our competitors may develop treatments for our products' target indications, which could limit our product candidates' commercial opportunity and profitability.

Risks Pertaining to the Need for and Impact of Existing and Additional Financing Activities

- We have a history of operating losses and expect such losses to continue in the future.
- We have funded our operations in part through the assumption of debt, and our applicable lending agreements may restrict our operations. Further, the occurrence of any default event under an applicable loan document could adversely affect our business.
- Our research and development ("R&D") programs will require substantial additional capital, which we may be unable to raise as needed and which may impede our R&D programs, commercialization efforts, or planned acquisitions.
- Our board of directors has paused payments of dividends on our preferred stock, and there can be no assurance that monthly dividend payments will be resumed in a timely manner, or at all.
- If we raise additional capital by issuing equity, equity-linked securities or securities convertible into or exercisable for equity securities, our existing stockholders will be diluted.

Risks Pertaining to Our Existing Revenue Stream from Journey Medical Corporation ("Journey")

- Our operating income derives primarily from the sale of our partner company Journey's dermatology products, particularly Emrosi, Qbrexza, Accutane, Amzeeq, Zilxi, Targadox, Exelderm, and Luxamend. Any issues relating to the manufacture, sale, utilization, or reimbursement of Journey's products (including products liability claims) could significantly impact our operating results.
- A significant portion of Journey's sales derive from products that are without patent protection and/or are or may become subject to third party generic competition, the introduction of new competitor products, or an increase in market share of existing competitor products, any of which could have a significant adverse effect on our operating income. Four of Journey's marketed products, Emrosi, Qbrexza, Amzeeq and Zilxi, currently have patent protection. Four of Journey's marketed products, Accutane, Targadox, Exelderm, and Luxamend, do not have patent protection or otherwise are not eligible for patent protection. With respect to Journey products that are covered by valid claims of issued patents, such patents may be subject to invalidation, which would harm our operating income.
- Continued sales and coverage, including formulary inclusion without the need for a prior authorization or step edit therapy, of our products for commercial sale will depend in part on the availability of reimbursement from third-party payors, including government payors. Third-party payors are increasingly examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy, and, accordingly, significant uncertainty exists as to the reimbursement status of current and newly approved therapeutics.
- The Company's business may be materially adversely affected by the imposition of duties and tariffs and other trade barriers and retaliatory countermeasures implemented by the U.S. and other governments.

Risks Pertaining to Our Business Strategy, Structure and Organization

- We have entered, and will likely in the future enter, into certain collaborations or divestitures which may cause a reduction in our business' size and scope, market share and opportunities in certain markets, or our ability to compete in certain markets and therapeutic categories.
- We and our subsidiaries and partner companies have also entered into, and intend in the future to enter into, arrangements under which we and/or they have agreed to contingent dispositions of such companies and/or their assets, including an asset purchase agreement between us, Cyprium and an undisclosed buyer to purchase Cyprium's previously-issued priority review voucher ("PRV") for $205 million, which was announced on March 30, 2026 as closed. The failure to consummate any such transaction may impair the value of such companies and/or assets, and we may not be able to identify or execute alternative arrangements on favorable terms, if at all. The consummation of any such arrangements with respect to certain product candidates may also result in our eligibility to receive a lower portion of sales (if any) of resulting approved products than if we had developed and commercialized such products ourselves.
- Our growth and success depend on our acquiring or in-licensing products or product candidates and integrating such products into our businesses.
- We may act as, and are likely to continue acting as, guarantor and/or indemnitor of certain obligations of our subsidiaries and partner companies, which could require us to pay substantial amounts in certain circumstances.

Risks Pertaining to Reliance on Third Parties

- We rely heavily on third parties for several aspects of our operations, including manufacturing and developing product candidates, conducting clinical trials, and producing commercial product supply. Such reliance on third parties reduces our ability to control every aspect of the drug development process and may hinder our ability to develop and commercialize our products in a cost-effective and timely manner.

Risks Pertaining to Intellectual Property and Potential Disputes with Licensors Thereof

- If we are unable to obtain and maintain patent protection for our technologies and products, or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technologies and products similar or identical to ours, and our ability to successfully commercialize our technologies and products may be impaired.
- We or our licensors may be subject to costly and time-consuming litigation for infringement of third-party intellectual property rights or to enforce our or our licensors' patents.
- Any dispute with licensors may affect our ability to develop or commercialize our product candidates.

Risks Pertaining to Generic Competition and Paragraph IV Litigation

- Generic drug companies may submit applications seeking approval to market generic versions of our products.
- In connection with these applications, generic drug companies may seek to challenge the validity and enforceability of our patents through litigation and/or with the United States Patent and Trademark Office ("PTO"). Such challenges may subject us to costly and time-consuming litigation and/or PTO proceedings.
- As a result of the loss of any patent protection from such litigation or PTO proceedings, or the "at-risk" launch by a generic competitor of our products, our products could be sold at significantly lower prices, and we could lose a significant portion of product sales in a short period of time, which could adversely affect our business, financial condition, operating results and prospects.

Risks Pertaining to the Commercialization of Product Candidates, if Approved

- If our product candidates, if approved, are not broadly accepted by the healthcare community, the revenues from any such products are likely to be limited.
- We may not obtain the desired product labels or intended uses for product promotion, or favorable scheduling classifications desirable to successfully promote our products.
- Even if a product candidate is approved, it may be subject to various post-marketing requirements, including studies or clinical trials, the results of which could cause such products to later be withdrawn from the market.
- Any successful products liability claim related to any of our current or future product candidates may cause us to incur substantial liability and limit the commercialization of such products.

Risks Pertaining to Legislation and Regulation Affecting the Biopharmaceutical and Other Industries

- We operate in a heavily regulated industry, and we cannot predict the impact that any future legislation or administrative or executive action may have on our operations.

General and Other Risks

- We have previously failed to satisfy certain continued listing rules of The Nasdaq Stock Market LLC (“Nasdaq”), and if we again are unable to meet the continued listing requirements and/or regain compliance with such rules, our Common Stock and Preferred Stock may be subject to delisting from The Nasdaq Capital Market. The delisting of our Securities from the Nasdaq may decrease the market liquidity and market price of our Common Stock and Preferred Stock.

PART I

Item 1. Business.

Overview

Fortress Biotech, Inc. ("Fortress" or the "Company") is a biopharmaceutical company focused on acquiring and advancing assets to enhance long-term value for shareholders through product revenue, equity holding and dividend and royalty revenue streams. Fortress works in concert with our extensive network of key opinion leaders to identify and evaluate promising products and product candidates for potential acquisition. We have executed arrangements in partnership with some of the world's foremost universities, research institutes and pharmaceutical companies, including City of Hope National Medical Center ("COH" or "City of Hope"), Dana-Farber Cancer Institute, Nationwide Children's Hospital, Columbia University, the University of Pennsylvania, AstraZeneca plc, Dr. Reddy's Laboratories, Ltd. ("DRL"), and Sun Pharmaceutical Industries Limited ("Sun Pharma").

Following the exclusive license or other acquisition of the intellectual property underpinning a product or product candidate, Fortress leverages its business, scientific, regulatory, legal and financial expertise to help its subsidiaries and partner companies achieve their goals. Partner and subsidiary companies then assess a broad range of strategic arrangements to accelerate and provide additional funding to support research and development, including joint ventures, partnerships, out-licensings, sales transactions, and public and private financings. To date, three partner companies are publicly-traded, and four subsidiaries have consummated strategic partnerships with industry leaders, including AstraZeneca plc as successor-in-interest to Alexion Pharmaceuticals, Inc. ("AstraZeneca"), Sentynl Therapeutics, Inc. ("Sentynl"), Axsome Therapeutics, Inc. ("Axsome"), and Sun Pharma.

Our subsidiary and partner companies that are pursuing development and/or commercialization of biopharmaceutical products and product candidates are: Journey Medical Corporation (Nasdaq: DERM, "Journey" or "JMC"), Mustang Bio, Inc. (Nasdaq: MBIO, "Mustang"), Avenue Therapeutics, Inc. (OTC: ATXI, "Avenue"), Cellvation, Inc. ("Cellvation"), Cyprium Therapeutics, Inc. ("Cyprium"), Helocyte, Inc. ("Helocyte"), Oncogenuity, Inc. ("Oncogenuity") and Urica Therapeutics, Inc. ("Urica"). Checkpoint Therapeutics, Inc. "Checkpoint"), previously a partner company, was acquired by Sun Pharma in May 2025 (the "Checkpoint Acquisition"). Baergic Bio, Inc. ("Baergic"), previously a subsidiary of Avenue, was acquired by Axsome in November 2025.

As used throughout this filing, the words "we", "us" and "our" may refer to Fortress individually, to one or more of its subsidiaries and/or partner companies, or to all such entities as a group, as dictated by context. Generally, "subsidiary" refers to a private Fortress subsidiary, "partner company" refers to a public Fortress subsidiary, and "partner" refers to an entity with whom one of the foregoing parties has a significant business relationship, such as an exclusive license or an ongoing product-related payment obligation. The context in which any such term is used throughout this document, however, may dictate a different construal from the foregoing. Additionally, this Annual Report on Form 10-K contains references to ClinicalTrials.gov identifiers. However, information on ClinicalTrials.gov does not constitute part of this Annual Report on Form 10-K.

Recent Developments

Checkpoint and UNLOXCYT

In May 2025, our former subsidiary, Checkpoint, was acquired by Sun Pharma for $4.10 per share in cash plus a contingent value right of up to $0.70 per share upon the achievement of EU approval of Checkpoint's principal drug product candidate (the "Checkpoint Acquisition"). Pursuant to the Checkpoint Acquisition, Fortress received $28.0 million and is eligible to receive a 2.5% royalty on net sales of UNLOXCYT (cosibelimab-ipdl) as well as up to $4.8 million upon achievement of the contingent value right.

Journey and EMROSI (Minocycline Hydrochloride Extended-Release Capsules, 40mg)

In November 2024, we announced that partner company Journey received approval of Emrosi (also referred to as DFD-29), a 40mg minocycline hydrochloride extended release capsule for oral use indicated to treat inflammatory lesions (papules and pustules) of rosacea in adults. Subsequently, Journey announced the commercial launch of Emrosi in March 2025.

Cyprium and ZYCUBO (copper histidinate, also known as CUTX-101)

In January 2025, we announced that the U.S. Food and Drug Administration ("FDA") had accepted the New Drug Application ("NDA") for CUTX-101, a copper histidinate injection, for priority review for the treatment of Menkes disease and had set a Prescription Drug User Fee Act ("PDUFA") target action date of September 30, 2025. In October 2025, we announced that the FDA had issued a Complete Response Letter ("CRL") to our partner Sentynl for CUTX-101. The CRL noted cGMP deficiencies had been observed at the facility where CUTX-101 is manufactured and did not cite any other approvability concerns, nor did it identify any deficiencies in CUTX-101's efficacy and safety data.

In December 2025, we announced the FDA accepted the resubmission of the NDA for CUTX-101 as a Class 1 resubmission with a new PDUFA target action date of January 14, 2026.

On January 13, 2026, we announced the FDA approved ZYCUBO (copper histidinate, also referred to as CUTX-101) for the treatment of pediatric patients with Menkes disease. A Rare Pediatric Disease Priority Review Voucher ("PRV") was issued in connection with FDA approval and, pursuant to Cyprium's previous transaction with Sentynl, was transferred to Cyprium.

Cyprium is eligible to receive up to $128 million in aggregate sales milestones from Sentynl, as well as royalties on net sales of ZYCUBO as follows: (i) 3% of annual net sales up to $75 million; (ii) 8.75% of annual net sales between $75 million and $100 million; and (iii) 12.5% of annual net sales in excess of $100 million. On February 22, 2026, Cyprium entered into a definitive asset purchase agreement pursuant to which Cyprium agreed to sell the PRV for $205 million, which was paid upon the closing of the sale as announced on March 30, 2026.

Avenue and ATX-04 (clenbuterol)

On February 18, 2026, Avenue entered into a license agreement with Duke University ("Duke"), pursuant to which Avenue obtained from Duke an exclusive, worldwide license to certain patents and know-how for the development and commercialization of products, including ATX-04 (clenbuterol), for the treatment of lysosomal storage diseases, subject to customary retained rights for Duke and other non-profit or governmental institutions to use the licensed technology for non-commercial research and educational purposes.

Portfolio Highlights

Commercial and Approved Products

Through our partner company Journey we market the following branded dermatology products approved by the FDA for sale in the United States:

- Emrosi (Minocycline Hydrochloride Extended-Release Capsules, 40mg for the treatment of inflammatory lesions of rosacea in adults): approved by the FDA in November 2024, which launched in March 2025;
- Qbrexza: a medicated cloth towelette for the treatment of primary axillary hyperhidrosis;
- Accutane: an oral isotretinoin drug for the treatment of severe recalcitrant nodular acne;
- Amzeeq (minocycline topical foam, 4%): a topical formulation of minocycline for the treatment of inflammatory lesions of non-nodular moderate to severe acne vulgaris in adults and children nine years and older;

- Zilxi (minocycline topical foam, 1.5%): a topical minocycline treatment for inflammatory lesions of rosacea in adults;
- Exelderm Cream and Solution: a broad-spectrum antifungal intended for topical use;
- Targadox: an oral doxycycline drug for adjunctive therapy for severe acne; and
- Luxamend: a water-based emulsion formulated to provide an optimally moist healing environment for superficial wounds; minor cuts or scrapes; dermal ulcers; donor sites; first- and second-degree burns, including sunburns; and radiation dermatitis.

EMROSI (Minocycline Hydrochloride Extended-Release Capsules, 40mg)

Journey received approval in November 2024 for Emrosi (also referred to as DFD-29), a 40mg minocycline hydrochloride extended release capsule for oral use indicated to treat inflammatory lesions (papules and pustules) of rosacea in adults. Emrosi is now the lowest approved oral minocycline hydrochloride dose. It was developed using Multiple Unit Pellet System technology, which combines Immediate Release (25%) and Extended Release (75%) Minocycline pellets for uniform drug release. Emrosi has shown superiority to Oracea and placebo on the co-primary endpoints and all secondary endpoints in two Phase 3 studies, including reduction of total lesion count, as well as reduction in erythema compared to placebo in both studies and was well-tolerated.

The NDA was filed under Section 505(b)(2) of the Food Drug and Cosmetic Act ("FDCA") in January 2024 and was approved in November 2024 by the FDA (NDA 219015). Emrosi has Orange Book-listed patents that extend through January of 2039.

UNLOXCYT (cosibelimab-ipdl)

Our former subsidiary Checkpoint received approval in December 2024 for UNLOXCYT, which is the first and only programmed death-ligand 1 blocking antibody to receive FDA marketing approval for the treatment of adults with metastatic cutaneous squamous cell carcinoma ("mcSCC") or locally advanced CSCC ("lacSCC") who are not candidates for curative surgery or curative radiation.

In May 2025, the Checkpoint Acquisition was closed and in January 2026, Sun Pharma announced the availability in the U.S. of UNLOXCYT for the treatment of adults with mcSCC or lacSCC who are not candidates for curative surgery or curative radiation.

ZYCUBO (copper histidinate injection for Menkes disease, also referred to as CUTX-101)

Our subsidiary Cyprium was previously developing CUTX-101, a copper histidinate injection for the treatment of Menkes disease in pediatric patients. Menkes disease is a rare X-linked pediatric disease caused by gene mutations of copper transporter ATP7A, which affects approximately 1 in 34,810 live male births, and potentially as high as 1 in 8,664 live male births, based on a recent genome-based ascertainment study. Menkes disease is characterized by distinctive clinical features, including sparse and depigmented hair, failure to thrive, connective tissue disorders and severe neurological symptoms such as seizures and hypotonia.

In February 2021, Cyprium entered into a development and asset purchase agreement (the "Sentynl APA") with Sentynl, a U.S.-based specialty pharmaceutical company owned by the Zydus Group. Under the Sentynl APA, Sentynl provided certain development funding for the CUTX-101 program, with Cyprium initially remaining in control of development of such program. Pursuant to a contractual right exercised by Sentynl in October 2023, Cyprium assigned the NDA and certain other assets pertaining to the CUTX-101 program to Sentynl and received $4.5 million in connection with the closing of such transaction. Sentynl is obligated to use commercially reasonable efforts to develop and commercialize CUTX-101, including the funding of the same.

Cyprium is eligible to receive up to $128 million in aggregate sales milestones from Sentynl, as well as royalties on net sales of ZYCUBO as follows: (i) 3% of annual net sales up to $75 million; (ii) 8.75% of annual net sales between $75 million and $100 million; and (iii) 12.5% of annual net sales in excess of $100 million. On February 22, 2026, Cyprium entered into a definitive asset purchase agreement pursuant to which Cyprium agreed to sell the PRV for $205 million, which was paid upon the closing of the sale as announced on March 30, 2026.

ZYCUBO has received Breakthrough Therapy, Fast Track, Rare Pediatric Disease, and Orphan Drug Designation from the FDA. Copper histidinate has also been granted Orphan Designation by the European Medicines Agency.

Late Stage Product Candidates

Triplex (cytomegalovirus vaccine and immunotherapy)

Through our subsidiary Helocyte, we are developing Triplex, a universal recombinant Modified Vaccinia Ankara viral vector vaccine engineered to induce a rapid, robust and durable virus-specific T cell response to three immuno-dominant proteins (UL83 (pp65), UL123 (IE1), and UL122 (IE2)) linked to cytomegalovirus ("CMV"). In a Phase 1 study, Triplex was observed to be well-tolerated and highly immunogenic when administered to healthy volunteers at multiple dose levels (ClinicalTrials.gov Identifier: NCT01941056). In a Phase 2 trial, Triplex was observed to be safe, well-tolerated, highly immunogenic and a reduction in CMV events in allogeneic stem cell transplant recipients was observed (ClinicalTrials.gov Identifier: NCT02506933).

As of March 2026, Triplex is currently the subject of multiple, ongoing trials in various clinical settings including: patients undergoing stem cell transplant; adults co-infected with CMV and Anti-Human Immunodeficiency Virus ("HIV"); and in combination with a CAR T cell therapy for adults with non-Hodgkin lymphoma ("NHL") or acute lymphoblastic leukemia ("ALL"). Helocyte has an exclusive, worldwide license to Triplex from COH.

Solid organ transplant

In May 2024, Helocyte announced that the first patient was dosed in a multi-center, placebo-controlled, randomized Phase 2 study of Triplex for control of CMV in patients undergoing liver transplantation. The trial is funded by a grant from the National Institute of Allergy and Infectious Diseases of the National Institutes of Health that could provide over $20 million in aggregate, non-dilutive funding (ClinicalTrials.gov Identifier: NCT06075745).

Stem cell transplant

In January 2025, Helocyte announced that the first patient was dosed in a Phase 2 multi-center, placebo-controlled, randomized clinical trial to evaluate Triplex's effectiveness when administered to human leukocyte antigen ("HLA") matched related stem cell donors to reduce CMV events in adults undergoing hematopoietic stem cell transplantation ("HSCT"). The trial is funded by a grant from the National Cancer Institute ("NCI") (ClinicalTrials.gov Identifier: NCT06059391).

Helocyte anticipates that its Phase 2 multicenter, double-blind, randomized, placebo-controlled study measuring the safety and effectiveness of Triplex in reducing CMV complications in patients previously infected with CMV and undergoing donor hematopoietic cell transplant to be completed in the first half of 2026 (ClinicalTrials.gov Identifier: NCT02506933).

Additionally, Helocyte is recruiting for a Phase 1/2 trial to study safety outcomes and dosage for Triplex in treating pediatric patients with positive cytomegalovirus who are undergoing donor stem cell transplant (ClinicalTrials.gov Identifier: NCT03354728).

HIV

In December 2021, Helocyte announced that a Phase 2 double-blind, randomized, placebo-controlled clinical trial was initiated to evaluate the safety and efficacy of Triplex, a CMV vaccine, in eliciting a CMV-specific immune response and reducing CMV replication in people living with HIV. The Phase 2 trial is fully enrolled with topline data anticipated in the first half of 2026. The trial is being conducted by the AIDS Clinical Trials Group and is funded by the National Institute of Allergy and Infectious Disease, part of the National Institutes of Health (ClinicalTrials.gov Identifier: NCT05099965).

Additionally, a trial has been initiated for a Phase 1 trial to evaluate the feasibility and safety of Triplex in combination with a bispecific CMV-HIV CAR for adults living with HIV-1 on stable ART who have maintained viral suppression. The study is funded by a $11.3 million grant from the California Institute of Regenerative Medicine in addition to other non-dilutive sources (ClinicalTrials.gov Identifier: NCT06252402).

Oncology

Helocyte is currently recruiting for two Phase 1 trials in combination with autologous CMV-specific CD19 CAR T cell therapy for adults with intermediate or high grade B-lineage NHL, and in settings following stem cell transplant in patients with high grade B-cell NHL (ClinicalTrials.gov Identifiers: NCT05801913 and NCT05432635).

Additionally, a trial has been initiated for a Phase 1 trial in combination with an allogeneic anti-CD19-CAR CMV-specific T cell therapy for patients with high-risk ALL after matched related donor hematopoietic stem cell transplant (ClinicalTrials.gov Identifier: NCT06735690).

CAEL-101 (light chain fibril-reactive monoclonal antibody for AL amyloidosis)

Our former subsidiary Caelum, in collaboration with AstraZeneca, is developing a novel, potentially first-in-class monoclonal antibody called CAEL-101 (also known as anselamimab) for the treatment of amyloid light chain ("AL") amyloidosis. CAEL-101 is designed to improve organ function by reducing or eliminating amyloid deposits in the tissues and organs of patients with AL amyloidosis. CAEL-101 is currently in two Phase 3 trials for Mayo Stage IIIa and May Stage IIIb AL amyloidosis and additional information on those trials can be found at ClinicalTrials.gov using identifiers: NCT04512235 and NCT04504825.

In July 2025, AstraZeneca announced an update from its Cardiac Amyloid Reaching for the CARES Phase 3 clinical program showing that anselamimab did not achieve statistical significance for the primary endpoint compared to placebo in patients with Mayo stages IIIa and IIIb AL amyloidosis. The primary endpoint was defined as a hierarchical combination of time to all-cause mortality ("ACM") and frequency of cardiovascular hospitalizations ("CVH"). All patients in the clinical program received background standard of care for plasma cell dyscrasia. AstraZeneca stated that anselamimab showed highly clinically meaningful improvement in time to ACM and frequency of CVH in a prespecified subgroup of patients, compared to placebo (although AstraZeneca did not further characterize this subgroup). AstraZeneca also reported that anselamimab was well tolerated, with the majority of events balanced between the anselamimab treatment arm and the placebo arm. AstraZeneca indicated that the company plans to submit the pre-specified subgroup analysis from the CARES trials with regulatory authorities. In January 2026, the European Medicines Agency ("EMA") disclosed that an approval application for anselamimab for the treatment of adult patients with kappa light chain amyloidosis was being reviewed.

In October 2021, AstraZeneca acquired Caelum for an upfront payment of $135 million paid to Caelum shareholders, of which approximately $56.9 million was paid to Fortress. The agreement also provides for additional potential payments to Caelum shareholders totaling up to $295 million, payable upon the achievement of regulatory and commercial milestones. Fortress is eligible to receive 42.4% of all possible potential milestone payments, which together with the upfront payment, would total up to approximately $182 million.

Dotinurad (urate transporter (URAT1) inhibitor for gout)

Through our subsidiary Urica, we acquired an exclusive license from Fuji Yakuhin Co. Ltd. to develop a URAT1 inhibitor product candidate in development for the treatment of gout, dotinurad, in North America, Europe, the Middle East and North Africa. In July 2024, Urica entered into an asset purchase agreement, royalty agreement, and related agreements (collectively, the "Transaction Documents") with Crystalys Therapeutics, Inc. ("Crystalys"). Crystalys is a Delaware corporation founded in 2023 and seeded by leading life sciences institutional investors. Under the Transaction Documents, Urica transferred rights to dotinurad and related intellectual property, licenses and agreements to Crystalys. In return, Crystalys issued to Urica shares of its common stock including certain anti-dilution provisions through the raise of $150 million in equity securities. The Transaction Documents also granted Urica a secured 3% royalty on future net sales of dotinurad to be paid by Crystalys.

In October 2025, we announced that Crystalys announced a $205 million Series A financing to support the advancement of global Phase 3 clinical studies evaluating dotinurad for the treatment of gout and also announced the first patients were dosed in two randomized, double-blind, multicenter global Phase 3 trials. Urica maintains an equity position in Crystalys and has appointed a director to Crystalys' Board of Directors pursuant to its rights to nominate a director under the Transaction Documents.

Dotinurad has obtained regulatory approval in Japan, China, Philippines and Thailand.

Early and Mid-Stage Product Candidates

MB-101 (IL13Rα2 CAR T Cell Program for Glioblastoma)

Mustang is currently developing MB-101 for malignant brain tumors, including glioblastoma ("GBM"). MB-101 is an optimized CAR T product targeting IL13Rα2 on the surface of the malignant cells and incorporates enhancements in CAR T design and T cell engineering to improve antitumor potency and T cell persistence.

GBM is the most common brain and central nervous system ("CNS") cancer, accounting for approximately 52% of malignant primary brain and CNS tumors and approximately 14% of all primary brain and CNS tumors. On average during the years 2017 through 2021, more than 13,000 new cases of GBM were diagnosed per year in the U.S. While GBM is a rare disease, with only 3.3 cases per 100,000 persons per year in the U.S., it is quite lethal, with a median survival of only 12-15 months. Standard of care therapy for patients less than 70 years of age consists of maximal surgical resection, radiation, chemotherapy with temozolomide, and alternating electric field therapy ("tumor treating fields"). Since the approval of temozolomide for frontline GBM treatment in 2005, tumor treating fields is the only novel therapy that has improved survival in this indication, and there is no standard of care whatsoever for recurrent GBM.

Immunotherapy approaches targeting brain tumors offer promise over conventional treatments. IL13Rα2 is an attractive target for CAR T therapy, as it has limited expression in normal tissue but is over-expressed on the surface of greater than 50% of GBM tumors. CAR T cells are designed to express membrane-tethered IL-13 receptor ligand mutated at a single site (glutamic acid at position 13 to a tyrosine; E13Y) with high affinity for IL13Rα2 and reduced binding to IL13Rα1 in order to reduce healthy tissue targeting (Kahlon KS *et al. Cancer Research.* 2004;64:9160-9166).

Having optimized MB-101 dose, schedule, route of administration and T cell selection in a completed Phase 1 trial, ongoing COH sponsored studies include:

- MB-101 with or without nivolumab and ipilimumab in treating patients with recurrent or refractory GBM (currently enrolling patients; ClinicalTrials.gov Identifier: NCT04003649);
- MB-101 in treating patients with recurrent or refractory GBM with a substantial component of leptomeningeal disease (active, not recruiting; ClinicalTrials.gov Identifier: NCT04661384); and
- MB-101 in treating children with recurrent or refractory IL13Rα2 positive brain tumors (currently enrolling patients; ClinicalTrials.gov Identifier: NCT04510051) sponsored by COH.

The final planned MB-101 trial will be in combination with the herpes simplex virus type 1 ("HSV-1") oncolytic virus (MB-108) in treating patients with recurrent or refractory GBM and anaplastic astrocytoma. The objective of this trial is to turn immunologically "cold" tumors "hot" with MB-108 in order to potentially enhance the efficacy of MB-101, then infuse MB-101 loco-regionally as was done in the Phase 1 single-agent MB-101 trial. The combination of MB-101 and MB-108 is referred to as MB-109.

MB-108 (HSV-1 Oncolytic Virus C134 for recurrent GBM)

MB-108 is a next-generation oncolytic herpes simplex virus ("oHSV") treatment in development at Mustang that is conditionally replication competent; that is, it is designed to replicate in tumor cells, but not in normal cells, thus killing the tumor cells directly through this process. It was in-licensed from Nationwide Children's Hospital, and the University of Alabama at Birmingham is evaluating the safety of this oncolytic virus in patients with recurrent GBM in an ongoing Phase 1 trial (ClinicalTrials.gov Identifier: NCT03657576).

The rationale for in-licensing MB-108 was to potentially enhance the efficacy of MB-101 by first turning immunologically "cold" malignant glioma tumors "hot" with MB-108, then infusing MB-101 loco-regionally, as was done in the Phase 1 single-agent MB-101 trial. This combination is to be referred to as MB-109.

MB-109 (MB-101 (IL13Rα2-targeted CAR T Cell Therapy) + MB-108 (HSV-1 oncolytic virus))

Mustang is developing MB-109, a combination approach of MB-101 and MB-108, as a potential treatment for IL13Rα2+ relapsed or refractory GBM and anaplastic astrocytoma ("AA"). An attractive novel approach to control GBM is adoptive cellular immunotherapy utilizing CAR T cells. CAR T cells can be engineered to recognize very specific antigenically distinct tumor populations and to migrate through the brain parenchyma to kill malignant cells. In addition, oncolytic viruses ("OVs") have been developed to effectively infect and kill cancer cells in the tumor, as well as modify the microenvironment to increase tumor immunogenicity and immune cell trafficking within the tumor. Due to these properties, OVs have been studied in combination with other treatments to enhance the effectiveness of immunotherapies.

Preliminary anti-tumor activity has been observed in clinical studies administering the OV (MB-108) and CAR T cell therapy (MB-101) as single agents; however, the combination has not yet been explored. To determine if the combination of both therapies will result in a synergistic effect, investigators from COH developed preclinical studies in orthotopic GBM models in nude mice. Dr. Christine Brown from City of Hope presented these preclinical studies at the American Association for Cancer Research 2022 Annual Meeting. It was observed that co-treatment with MB-108 OV and IL13Rα2-directed CAR-T cells gave no adverse events and, more notably, that pre-treatment with MB-108 re-shaped the tumor microenvironment by increasing immune cell infiltrates and enhanced the efficacy of sub-therapeutic doses of CAR-T cell therapy delivered either intraventricularly or intratumorally. These preclinical studies aimed to provide a deeper understanding of this combination approach to support the potential benefit of a combination study that will evaluate an oHSV (MB-108) and IL13Rα2-directed CAR-T cells (MB-101).

In October 2023, Mustang announced that the FDA had accepted its Investigational New Drug ("IND") application of MB-109 for the treatment of recurrent GBM and high-grade astrocytoma. The Phase 1 clinical study under that IND would investigate increasing doses of intratumorally administered MB-108 followed by dual intratumoral and intraventricular administration of MB-101 to treat recurrent GBM and high-grade astrocytomas that express IL13Rα2 on the surface of tumor cells.

In November 2024, Mustang announced that the FDA granted Orphan Drug Designation to Mustang for MB-108 for the treatment of malignant glioma. In July 2025, Mustang announced that the FDA granted Orphan Drug Designation to Mustang for MB-101 for the treatment of recurrent diffuse and anaplastic astrocytoma (astrocytomas) and GBM.

Mustang is currently exploring with COH to conduct an investigator-sponsored single-institution trial under the COH IND to treat patients with IL13Rα2+ recurrent GBM and high-grade astrocytoma with MB-109 that could potentially be initiated in the second quarter of 2026.

IV Tramadol

Our partner company Avenue is developing an intravenous formulation of tramadol ("IV tramadol"), a schedule IV opioid for the treatment of post-operative acute pain. Avenue completed two Phase 3 efficacy studies in 2018 and 2019 and announced that both had met their primary endpoints and all key secondary endpoints. In December 2019, Avenue submitted an NDA for IV tramadol to treat moderate to moderately severe postoperative pain pursuant to Section 505(b)(2) of the Federal Food, Drug and Cosmetic Act ("FDCA"), and following a CRL received in October 2020, resubmitted the NDA in February 2021. The FDA assigned a PDUFA goal date of April 12, 2021 for the resubmitted NDA for IV tramadol. On June 14, 2021, Avenue announced the receipt of a second CRL. Avenue submitted a formal dispute resolution request ("FDRR") with the Office of Neuroscience of the FDA on July 27, 2021. On August 26, 2021, Avenue received an Appeal Denied Letter from the Office of Neuroscience of the FDA in response to the FDRR submitted on July 27, 2021. On August 31, 2021, Avenue submitted a FDRR with the Office of New Drugs ("OND") of the FDA. On October 21, 2021, Avenue received a written response from the OND of the FDA stating that the OND needs additional input from an Advisory Committee in order to reach a decision on the FDRR.

In February 2022, Avenue held an Advisory Committee meeting with the FDA regarding IV tramadol. In the final part of the public meeting, the Advisory Committee voted yes or no on the following question: "Has the Applicant submitted adequate information to support the position that the benefits of their product outweigh the risks for the management of acute pain severe enough to require an opioid analgesic in an inpatient setting?" The results were 8 yes votes and 14 no votes. In March 2022, Avenue received an Appeal Denied Letter from the Office of New Drugs in response to the formal dispute resolution request. In August 2022, Avenue participated in a Type A Meeting with the FDA Division of Anesthesia, Analgesia, and Addiction Products ("DAAAP") regarding a briefing document submitted that presented a study design Avenue believed would have the potential to address the comments and deficiencies noted in the Letter.

In January 2024, Avenue announced that they reached final agreement with the FDA on the Phase 3 safety study protocol and statistical analysis approach, including the primary endpoint. The final non-inferiority study is designed to assess the risk of opioid-induced respiratory depression related to opioid stacking on IV tramadol compared to IV morphine. The study will randomize approximately 300 post bunionectomy patients to IV tramadol or IV morphine for pain relief administered during a 48-hour post-operative period. Of note, the same surgical model was used in a pivotal Phase 3 Trial. In the Phase 3 safety study to be conducted, patients will have access to IV hydromorphone, a Schedule II opioid, for rescue of breakthrough pain. The primary endpoint is a composite of elements indicative of respiratory depression. Avenue plans to initiate the study in the future, subject to having the necessary financing.

ATX-04 (clenbuterol)

On February 18, 2026, our partner company Avenue entered into a license agreement with Duke University ("Duke"), pursuant to which Avenue obtained an exclusive worldwide license (the "ATX-04 License") from Duke to certain patents and know-how pertaining to clenbuterol for the treatment of lysosomal storage diseases. Under the ATX-04 License, Avenue made an upfront payment and reimbursed certain patent expenses to Duke and has an obligation to make development, regulatory, and commercial milestone payments upon the achievement of certain milestones. In addition, Avenue is obligated to pay a tiered low single-digit royalty on future net sales of ATX-04. Avenue intends to advance ATX-04 through a late-stage clinical development program leveraging existing human safety and efficacy data, with an initial focus on treating Pompe disease as an adjunct to enzyme replacement therapy ("ERT").

Preclinical Product Candidates

AAV-ATP7A Gene Therapy

Through our subsidiary Cyprium, we are developing adeno-associated virus ("AAV")-based gene therapy ("AAV-ATP7A") for the treatment of Menkes disease. Cyprium entered into a license agreement with *Eunice Kennedy Shriver* National Institute of Child Health and Human Development to acquire the global rights to develop and commercialize AAV-ATP7A gene therapy. AAV-ATP7A gene therapy has demonstrated the ability to rescue neurological phenotypes and improve survival when coadministered with copper histidinate injections in a mouse model of Menkes disease and has been granted Orphan Drug Designation by the FDA.

In March 2024, Cyprium announced a $4.1 million grant from the National Institute of Neurological Disorders and Stroke of the NIH was awarded to the Research Institute at Nationwide Children's Hospital and Principal Investigator, Stephen G. Kaler, M.D., M.P.H., to fund the completion of preclinical studies, manufacturing, and preparation of an IND application for a first-in-human clinical trial.

AVTS-001 Gene Therapy

In April 2023, we announced the execution of an asset purchase agreement, pursuant to which 4D Molecular Therapeutics ("4DMT") acquired Aevitas' proprietary rights to its short-form human complement factor H ("sCFH") asset for the treatment of complement-mediated diseases. Under the terms of the agreement, Aevitas is eligible to receive cash payments from 4DMT totaling up to $140 million in potential late-stage development, regulatory and sales milestones. A range of single-digit royalties on net sales are also payable.

Prior to the agreement with 4DMT, Aevitas licensed the sCFH asset from the University of Pennsylvania and also collaborated with University of Massachusetts Medical to optimize AAV constructs.

CEVA-D and CEVA-102

Through our subsidiary Cellvation, we are developing CEVA-D, a novel bioreactor device that is designed to enhance the anti-inflammatory potency of bone marrow-derived cells without genetic manipulation, using wall shear stress to suppress tumor necrosis factor-a production by activated immune cells. CEVA-102 is the first cell product produced by CEVA-D, and may be applicable for various indications, including the treatment of severe traumatic brain injury.

Other Product Candidates

MB-106 (CD20-targeted CAR T cell therapy)

Mustang was previously developing MB-106 in a collaboration with Fred Hutchinson Cancer Center ("Fred Hutch"), a CD20-targeted, 3rd generation autologous CAR T-cell therapy, for patients with relapsed or refractory B-cell NHL, chronic lymphocytic leukemia, and autoimmune diseases. In September 2025, Mustang received notice from Fred Hutch of its intent to terminate the MB-106 license for cause in connection with unpaid patent expenses and maintenance fees. In December 2025, Mustang agreed to terminate the MB-106 License with Fred Hutch in exchange for a mutual release of liability and forgiveness of approximately 50% of amounts previously owed to them. Additionally, Mustang is eligible to receive sublicense revenue on any subsequent licensing consideration Fred Hutch may receive as a result of the license of MB-106 to a third party under a license agreement entered into during the three-year period following the termination.

AJ201 (Nrf1 and Nrf2 activator, androgen receptor degradation enhancer)

AJ201 is currently being studied in a Phase 1b/2a multicenter, randomized, double-blind clinical trial at six clinical sites across the U.S. for the treatment of spinal and bulbar muscular atrophy ("SBMA"), also known as Kennedy's Disease (ClinicalTrials.gov Identifier: NCT05517603). Enrollment was completed in January 2024.

SBMA is a rare, inherited, X-linked genetic neuromuscular disease primarily affecting men and AJ201 was designed to modify SBMA through multiple mechanisms including degradation of the abnormal AR protein and by stimulating Nrf1 and Nrf2, which are involved in protecting cells from oxidative stress which can lead to cell death.

AJ201 has been granted Orphan Drug Designation by the FDA for the indications of SBMA, Huntington's Disease, and Spinocerebellar Ataxia.

AJ201 is owned by AnnJi Pharmaceutical Co. Ltd. ("AnnJi"). Under a previous licensing arrangement between AnnJi and Avenue, and a related termination agreement, Avenue will be eligible to receive from AnnJi: payments totaling up to $5 million in the aggregate upon the occurrence of certain development and regulatory milestone events pertaining to AJ201; payments totaling up to $17 million in the aggregate upon AJ201 experiencing certain commercial sales milestone events; a 1.75% royalty on net sales of AJ201, which royalty percentage is subject to potential diminution in certain circumstances; and in the event that AnnJi enters into one or more subsequent licenses of rights to AJ201 with third party licensee(s), 15% of payments received by AnnJi from such licensee(s), up to a cap of $7.5 million, and with a minimum of $4 million owing under certain mechanism in the event of an approval of a NDA in the U.S. with respect to AJ201.

BAER-101 ($GABA_A$ α2/3 positive allosteric modulator)

Through Avenue's former subsidiary Baergic, we were previously developing BAER-101, a high affinity, selective modulator of the gamma-aminobutyric acid ("GABA") A, which is a receptor system with differential binding and modulatory properties dependent on the particular GABA A subtype.

In November 2025, Avenue announced it had entered into an agreement for Baergic to be acquired by Axsome (the "Baergic Agreement"), including the global rights to BAER-101 (also known as AZD7325), a novel oral GABAA α2,3 subtype-selective receptor positive allosteric modulator (PAM). BAER-101 was originally licensed by Baergic from AstraZeneca AB and will be referred to as AXS-17 by Axsome going forward. Axsome intends to evaluate AXS-17 as a potential treatment for epilepsy.

Under the Baergic Agreement, Axsome (i) purchased 100% of the equity interests in Baergic from Avenue and the other stockholders of Baergic for an upfront payment of $0.3 million (less transaction fees) and additional contingent consideration and (ii) received worldwide commercial, development, and manufacturing rights to BAER-101 (now referred to as AXS-17), including all available nonclinical and clinical data.

Avenue and the other former stockholders of Baergic are eligible to receive from Axsome: payments totaling up to $2.5 million in the aggregate upon the occurrence of certain development and regulatory milestone events for the first indication pertaining to AXS-17 and $1.5 million for each indication thereafter; payments totaling up to $79 million in aggregate upon AXS-17 achieving certain commercial sales milestone events; and a tiered mid-to-high single digit royalty on potential global net sales of AXS-17. Avenue expects to receive approximately 74% of all future payments and royalties payable under the Baergic Agreement.

Intellectual Property Generally

Our goal is to obtain, maintain and enforce patent protection for our product candidates, formulations, processes, methods and any other proprietary technologies, preserve our trade secrets, and operate without infringing on the proprietary rights of other parties, both in the United States and in other countries. Our policy is to actively seek to obtain, where appropriate, the broadest intellectual property protection possible for our product candidates, proprietary information and proprietary technology through a combination of contractual arrangements and patents, both in the United States and abroad. However, patent protection may not afford us with complete protection against competitors who seek to circumvent our patents.

We also depend upon the skills, knowledge, experience and know-how of our management and research and development personnel, as well as that of our advisers, consultants and other contractors. To help protect our proprietary know-how, which is not patentable, and for inventions for which patents may be difficult to enforce, we currently, and will in the future, rely on trade secret protection and confidentiality agreements to protect our interests. To this end, we require all of our employees, consultants, advisers and other contractors to enter into confidentiality agreements that prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to us of the ideas, developments, discoveries and inventions important to our business.

Competition

We operate in highly competitive segments of the biotechnology and biopharmaceutical markets. We face competition from many different sources, including commercial pharmaceutical and biotechnology enterprises, academic institutions, government agencies, and private and public research institutions. Many of our competitors have significantly greater financial, product development, manufacturing and marketing resources than we do. Large pharmaceutical companies have extensive experience in clinical testing and obtaining regulatory approval for drugs. In addition, many universities and private and public research institutes are active in research in direct competition with us. We also may compete with these organizations to recruit scientists and clinical development personnel. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

Our competitors are pursuing the development and/or acquisition of pharmaceuticals, medical devices and over-the-counter ("OTC") products that target the same diseases and conditions that we are targeting in biotechnology, biopharmaceutical, dermatological and other therapeutic areas. If competitors introduce new products, delivery systems or processes with therapeutic or cost advantages, our products can be subject to progressive price reductions or decreased volume of sales, or both. Most new products that we introduce must compete with other products already on the market or products that are later developed by competitors. The principal methods of competition for our products include quality, efficacy, market acceptance, price, and marketing and promotional efforts, patient access programs and product insurance coverage reimbursement.

The only pharmaceutical area in which we sell marketed products is dermatology, and the dermatology competitive landscape is highly fragmented, with a large number of mid-size and smaller companies competing in both the prescription sector and the OTC sector. Our competitors are pursuing the development and/or acquisition of pharmaceuticals, medical devices and OTC products that target the same diseases and conditions that we are targeting in dermatology. Competitive factors vary by product line and geographic area in which our products are sold. The principal methods of competition for our products include quality, efficacy, market acceptance, price, and marketing and promotional efforts.

Branded products often must compete with therapeutically similar branded or generic products or with generic equivalents. Such competition frequently increases over time. For example, if competitors introduce new products, delivery systems or processes with therapeutic or cost advantages, our products could be subject to progressive price reductions and/or decreased volume of sales. To successfully compete for business, we must often demonstrate that our products offer not only medical benefits, but also cost advantages as compared with other forms of care. Accordingly, we face pressure to continually seek out technological innovations and to market our products effectively.

Our major competitors in dermatology, including Galderma Laboratories, Almirall, Leo Pharma, Mayne Pharma, Botanix Pharmaceuticals, and Ortho Dermatologics, among others, vary depending on therapeutic and product category, dosage strength and drug-delivery systems, among other factors.

Generic Competition

Our partner company Journey faces increased competition from manufacturers of generic pharmaceutical products, who may submit applications to FDA seeking to market generic versions of Journey's products. In connection with these applications, the generic drug companies may seek to challenge the validity and enforceability of our patents through litigation. When patents covering certain of our products (if applicable) expire or are successfully challenged through litigation or in U.S. Patent and Trademark Office ("USPTO") proceedings, if a generic company launches a competing product "at risk," or when the regulatory or licensed exclusivity for our products (if applicable) expires or is otherwise lost, we may face generic competition as a result. Generic versions are generally significantly less expensive than branded versions, and, where available, may be required to be utilized before or in preference to the branded version under third-party reimbursement programs, or substituted by pharmacies. Accordingly, when a branded product loses its market exclusivity, it normally faces intense price competition from generic forms of the product. To successfully compete for business with managed care and pharmacy benefits management organizations, we must often demonstrate that our products offer not only medical benefits, but also cost advantages as compared with other forms of care. Generic products generally face intense competition from other generic equivalents (including authorized generics) and therapeutically similar branded or generic products.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of products such as those we are developing.

United States Pharmaceutical Product Development Process

In the United States, the FDA regulates pharmaceutical (drug and biological) products under the Federal Food, Drug and Cosmetic Act, and implementing regulations. Pharmaceutical products are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product-development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. FDA compliance and enforcement actions could include refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any agency or judicial compliance or enforcement action could have a material adverse effect on us. The process required by the FDA before a pharmaceutical product may be marketed in the United States generally includes the following:

- completion of preclinical laboratory tests, animal studies and formulation studies according to good laboratory practices ("GLPs") or other applicable regulations;
- submission to the FDA of an IND, which must be in effect before human clinical trials may begin in the United States;
- performance of adequate and well-controlled human clinical trials according to the FDA's current good clinical practices ("GCPs"), to establish the safety and efficacy of the proposed pharmaceutical product for its intended use;
- submission to the FDA of an NDA or Biologics License Application ("BLA") for a new pharmaceutical product;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the pharmaceutical product is produced to assess compliance with the FDA's current Good Manufacturing Practices ("cGMPs"), to assure that the facilities, methods and controls are adequate to preserve the pharmaceutical product's identity, strength, quality and purity;
- potential FDA audit of the preclinical and clinical trial sites that generated the data in support of the NDA or BLA; and
- FDA review and approval of the NDA or BLA.

The regulatory review and approval process is lengthy, expensive and uncertain. The process of seeking required approvals before we can market or sell a product, and the continuing need for compliance with applicable statutes and regulations require the expenditure of substantial resources and we cannot guarantee that we will be able to obtain the appropriate marketing authorization for any product candidate.

Before testing any compounds with potential therapeutic value in humans, the pharmaceutical product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the pharmaceutical product candidate. The conduct of the preclinical tests must comply with federal regulations and requirements including GLPs. The sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. The IND automatically becomes effective 30 days after receipt by the FDA unless the FDA places the IND on a clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA may also impose clinical holds on a pharmaceutical product candidate at any time before or during clinical trials due to safety concerns or non-compliance. Accordingly, we cannot be certain that submission of an IND will automatically result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that causes such clinical trial to be suspended or terminated.

Clinical trials involve the administration of the pharmaceutical product candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by the sponsor. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety. Each protocol must be submitted to the FDA if conducted under a U.S. IND. Clinical trials must be conducted in accordance with GCP requirements. Further, each clinical trial must be reviewed and approved by an Institutional Review Board ("IRB") or ethics committee if conducted outside of the United States, at or servicing each institution at which the clinical trial will be conducted. An IRB or ethics committee is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB or ethics committee also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. We intend to use third-party clinical research organizations ("CROs") to administer and conduct our planned clinical trials and will rely upon such CROs, as well as medical institutions, clinical investigators and consultants, to conduct our trials in accordance with our clinical protocols and to play a significant role in the subsequent collection and analysis of data from these trials. The failure by any of such third parties to meet expected timelines, adhere to our protocols or meet regulatory standards could adversely impact the subject product development program. Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- Phase 1. The pharmaceutical product is usually introduced into a small group of healthy human subjects and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion. In the case of some products for severe or life-threatening diseases, such as cancer treatments, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients.
- Phase 2. The pharmaceutical product is evaluated in a larger, but still limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance, optimal dosage and dosing schedule.
- Phase 3. Clinical trials are undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical trial sites. These clinical trials are intended to establish safety and efficacy, the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. Generally, it has been the FDA's position that Congress intended at least two adequate and well-controlled Phase 3 clinical trials for approval of an NDA or BLA or foreign authorities for approval of marketing applications.

Post-approval studies, or Phase 4 clinical trials, may be required after initial receipt of marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and may be required by the FDA after it has been approved, and is on the market, as an ongoing condition of approval.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected adverse events or any finding from tests in laboratory animals that suggests a significant risk for human subjects. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor or, if used, its data safety monitoring board may suspend a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB or ethics committee can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's or ethics committee's requirements or if the pharmaceutical product has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the pharmaceutical product as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the pharmaceutical product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final pharmaceutical product. Additionally, appropriate packaging must be selected, tested and stability studies must be conducted to demonstrate that the pharmaceutical product candidate does not undergo unacceptable deterioration over its shelf life.

United States Review and Approval Process

The data and results generated from product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the pharmaceutical product, proposed labeling and other required information are submitted to the FDA as part of an NDA or BLA submission before the product can be marketed and sold.

The review and approval process for an NDA or BLA is lengthy and difficult and the FDA may not approve an NDA or BLA if the applicable regulatory criteria are not satisfied or if the data and results in the submission are insufficient to support a finding of safety and efficacy, FDA may also require additional clinical data or other data and information to address deficiencies in an application. Even if such data and information is submitted, the FDA may ultimately decide that the NDA or BLA does not satisfy the criteria for approval. Even if a product receives regulatory approval, the approval may be significantly limited with respect to dosages, indications for use, or other label claims related to those disease states, conditions and patient populations for which the product is safe and effective and, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. Drug manufacturers and their subcontractors are required to register their establishments with the FDA and are subject to periodic unannounced inspections by the FDA for compliance with cGMPs, which impose additional regulatory requirements upon us and our third-party manufacturers. We cannot be certain that we or our suppliers will be able to fully comply with the cGMPs or other FDA regulatory requirements.

Post-Approval Requirements

Any pharmaceutical products for which we receive FDA approvals are subject to continuing post market regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, complying with certain electronic records and signature requirements and complying with FDA promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, promoting pharmaceutical products for uses or in patient populations that are not described in the pharmaceutical product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities, and promotional activities involving the internet. Failure to comply with FDA requirements can have negative consequences, including adverse publicity, compliance and enforcement actions initiated by the FDA, mandated corrective advertising or communications with doctors, and civil or criminal penalties. The FDA also may require Phase 4 testing, risk minimization action plans and surveillance to monitor the effects of an approved product or place conditions on an approval that could restrict the distribution or use of the product.

Special FDA Expedited Review and Approval Programs

The FDA has various programs, including fast track designation, accelerated approval, priority review and breakthrough therapy designation, that are intended to expedite or simplify the process for the development and FDA review of drugs that are intended for the treatment of serious or life-threatening diseases or conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs to patients earlier than under standard FDA review procedures. To be eligible for fast track designation, the FDA must determine, based on the request of a sponsor, that a drug is intended to treat a serious or life-threatening disease or condition and based on preclinical or preliminary clinical data demonstrates the potential to address an unmet medical need. The FDA will determine that a product will fill an unmet medical need if it will provide a therapy where none exists or provide a therapy that may be potentially superior to existing therapy based on efficacy or safety factors.

The FDA may give a priority review designation to drugs that offer major advances in treatment or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under current PDUFA guidelines. These six- and ten-month review periods are measured from the "filing" date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review and decision from the date of submission. Products that are eligible for fast track designation are also likely to be considered appropriate to receive a priority review.

In addition, drugs studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may receive accelerated approval and may be approved on the basis of adequate and well-controlled clinical trials establishing that the drug has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require a sponsor of a drug receiving accelerated approval to perform post-marketing studies to verify and describe the predicted effect on irreversible morbidity or mortality or other clinical endpoint and under the Food and Drug Omnibus Reform Act of 2022 ("FDORA"), the FDA is now permitted to require, as appropriate, that such trials be underway prior to approval or within a specific time period after the date of approval for a product granted accelerated approval. Under FDORA, the FDA has increased authority for expedited procedures to withdraw approval of a drug or indication approved under accelerated approval if, for example, the confirmatory trial fails to verify the predicted clinical benefit of the product. In addition, the FDA generally requires, unless otherwise informed by the agency, pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

Moreover, a sponsor can request designation of a drug candidate as a "breakthrough therapy." A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Drugs designated as breakthrough therapies are also eligible for accelerated approval and priority review. The FDA must take certain actions, such as holding timely meetings and providing advice, intended to expedite the development and review of an application for approval of a breakthrough therapy.

Additionally, under FDORA, a platform technology incorporated within or utilized by a drug or biological product is eligible for designation as a designated platform technology if (1) the platform technology is incorporated in, or utilized by, a drug approved under an NDA; (2) preliminary evidence submitted by the sponsor of the approved or licensed drug, or a sponsor that has been granted a right of reference to data submitted in the application for such drug, demonstrates that the platform technology has the potential to be incorporated in, or utilized by, more than one drug without an adverse effect on quality, manufacturing, or safety; and (3) data or information submitted by the applicable person indicates that incorporation or utilization of the platform technology has a reasonable likelihood to bring significant efficiencies to the drug development or manufacturing process and to the review process. A sponsor may request the FDA to designate a platform technology as a designated platform technology concurrently with, or at any time after, submission of an IND application for a drug that incorporates or utilizes the platform technology that is the subject of the request. If so designated, the FDA may expedite the development and review of any subsequent original NDA for a drug that uses or incorporates the platform technology. Designated platform technology status does not ensure that a drug will be developed more quickly or receive FDA approval.

Even if a product candidate or our platform qualifies for one or more of these programs, the FDA may later decide that the product candidate no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. Furthermore, fast track designation, priority review, accelerated approval and breakthrough therapy designation, do not change the standards for approval and may not ultimately expedite the development or approval process.

Section 505(b)(2) Regulatory Approval Pathway

Section 505(b)(2) was added to the Act by the Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Amendments"). Section 505(b)(2) of the FDCA provides an alternate regulatory pathway for approval of a new drug by allowing the FDA to rely on data not developed by the applicant. Specifically, Section 505(b)(2) permits the submission of an NDA where one or more of the investigations relied upon by the applicant for approval was not conducted by or for the applicant and for which the applicant has not obtained a right of reference. The applicant may rely upon published literature and/or the FDA's findings of safety and effectiveness for an approved drug already on the market. Approval or submission of a 505(b)(2) application, like those for abbreviated new drugs, or ANDAs, may be delayed because of patent and/or exclusivity rights that apply to the previously approved drug.

Under the 505(b)(2) regulatory approval pathway, the applicant may reduce some of the burdens of developing a full clinical program by relying on investigations not conducted by the applicant and for which the applicant has not obtained a right of reference, such as prior investigations involving the listed drug. In such cases, some clinical trials may not be required or may be otherwise limited.

A 505(b)(2) application may be submitted for a new chemical entity ("NCE"), when some part of the data necessary for approval is derived from studies not conducted by or for the applicant and when the applicant has not obtained a right of reference. Such data are typically derived from published studies, rather than FDA's previous findings of safety and effectiveness of a previously approved drug. For changes to a previously approved drug however, an applicant may rely on the FDA's finding of safety and effectiveness of the approved drug, coupled with information needed to support the change from the approved drug, such as new studies conducted by the applicant or published data. When based on an approved drug, the 505(b)(2) drug may be approved for all of the indications permitted for the approved drug, as well as any other indication supported by additional data.

Section 505(b)(2) applications also may be entitled to marketing exclusivity if supported by appropriate data and information. As discussed in more detail below, three-year new data exclusivity may be granted to the 505(b)(2) application if one or more clinical investigations conducted in support of the application, other than bioavailability/bioequivalence studies, were essential to the approval and conducted or sponsored by the applicant. Five years of marketing exclusivity may be granted if the application is for an NCE, and pediatric exclusivity is likewise available.

Orange Book Listing and Paragraph IV Certification

For NDA submissions, including 505(b)(2) applications, applicants are required to list with the FDA certain patents with claims that cover the applicant's product. Upon approval, each of the patents listed in the application is published in Approved Drug Products with Therapeutic Equivalence Evaluations, commonly referred to as the Orange Book. Any applicant who subsequently files an ANDA or a 505(b)(2) application that references a drug listed in the Orange Book must certify to the FDA that (1) no patent information on the drug product that is the subject of the application has been submitted to the FDA; (2) such patent has expired; (3) the date on which such patent expires; or (4) such patent is invalid or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. This last certification is known as a Paragraph IV certification.

If an applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the holder of the NDA for the approved drug and the patent owner once the application has been accepted for filing by the FDA. The NDA holder or patent owner may then initiate a patent infringement lawsuit in response to notice of the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days of the receipt of a Paragraph IV certification prevents the FDA from approving the ANDA or 505(b)(2) application until the earlier of 30 months from the date of the lawsuit, the applicant's successful defense of the suit, or expiration of the patent.

Orphan Drugs

Under the Orphan Drug Act, special incentives exist for sponsors to develop products for rare diseases or conditions, which are defined to include those diseases or conditions that affect fewer than 200,000 people in the United States. Requests for orphan drug designation must be submitted before the submission of an NDA or BLA.

If a product that has an orphan drug designation is the first such product to receive FDA approval for the disease for which it has such designation, the product is entitled to orphan product exclusivity for that use. This means that, subsequent to approval, the FDA may not approve any other applications to market the same drug that designated orphan use, except in limited circumstances, for seven years. The FDA may approve a subsequent application from another person if the FDA determines that the application is for a different drug or different use, or if the FDA determines that the subsequent product is clinically superior, or that the holder of the initial orphan drug approval cannot assure the availability of sufficient quantities of the drug to meet the public's need. If the FDA approves someone else's application for the same drug that has orphan exclusivity, but for a different use, the competing drug could be prescribed by physicians outside its FDA approval for the orphan use, notwithstanding the existence of orphan exclusivity. A grant of an orphan designation is not a guarantee that a product will be approved. If a sponsor receives orphan drug exclusivity upon approval, there can be no assurance that the exclusivity will prevent another person from receiving approval for the same or a similar drug for the same or other uses.

U.S. Marketing Exclusivity and Patent Term Extensions

Depending upon the timing, duration and specifics of the FDA approval of our drug candidates, some of our U.S. patents may be eligible for limited patent term extension ("PTE") under the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a PTE of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, PTE cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The PTE period is generally one-half the time between the effective date of an IND and the submission date of an NDA plus the time between the submission date of an NDA and the approval of that application. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension. In the future, we intend to apply for PTE for one of our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA.

Marketing exclusivity provisions under the FDCA can also delay the submission or the approval of certain marketing applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the U.S. to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for another drug based on the same active moiety, regardless of whether the drug is intended for the same indication as the original innovator drug or for another indication, where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder. The FDCA also provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness. Orphan drug exclusivity, as described below, may offer a seven-year period of marketing exclusivity, except in certain circumstances. Pediatric exclusivity is another type of regulatory market exclusivity in the U.S. which, if granted, adds six months to existing exclusivity periods for all formulations, dosage forms, and indications of the active moiety and patent terms. This six month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric trial in accordance with an FDA issued "Written Request" for such a trial, provided that at the time pediatric exclusivity is granted there is not less than nine months of term remaining.

Pediatric Information

Under the Pediatric Research Equity Act ("PREA"), NDAs and BLAs or supplements to NDAs and BLAs must contain data to assess the safety and effectiveness of the treatment for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the treatment is safe and effective. The FDA may grant full or partial waivers, or deferrals, for submission of data. Unless otherwise required by regulation, PREA does not apply to any product for an indication for which orphan designation has been granted.

The Best Pharmaceuticals for Children Act provides BLA holders a six-month extension of any exclusivity-patent or non-patent-for a product if certain conditions are met. Conditions for exclusivity include the FDA's determination that information relating to the use of a new drug in the pediatric population may produce health benefits in that population, FDA making a written request for pediatric studies, and the applicant agreeing to perform, and reporting on, the requested studies within a specific time frame.

Drug Enforcement Agency ("DEA") Regulation

The Federal Controlled Substances Act of 1970 ("CSA") imposes various registration, record-keeping and reporting requirements, procurement and manufacturing quotas, labeling and packaging requirements, security controls, prescription and order form requirements and restrictions on prescription refills for certain kinds of pharmaceutical products. A principal factor for determining the particular requirements of the CSA applicable to a product, if any, is its actual or potential abuse profile, which is classified into a DEA schedule. A product may be listed as a Schedule I, II, III, IV or V controlled substance, with Schedule I presenting the highest perceived risk of abuse and Schedule V presenting the least.

Annual registration is required for any facility that manufactures, distributes, dispenses, imports or exports any controlled substance and registration is specific to the particular location, activity and controlled substance schedule.

The DEA typically inspects a facility to review its security measures prior to issuing a registration and on a periodic basis. Security requirements vary by controlled substance schedule, with the most stringent requirements applying to Schedule I and Schedule II controlled substances and less stringent requirements for Schedules III, IV, and V. Required security measures include background checks on employees and physical control of inventory through measures such as vaults and inventory reconciliations. Records must be maintained for the handling of all controlled substances, and periodic reports made to the DEA. Reports must also be made for thefts or losses of any controlled substance, and to obtain authorization to destroy any controlled substance. In addition, a DEA quota system controls and limits the availability and production of controlled substances in Schedule I or II. Distributions of any Schedule I or II controlled substance must also be accompanied by special order forms, with copies provided to the DEA.

To enforce these requirements, the DEA conducts periodic inspections of registered establishments that handle controlled substances. Failure to maintain compliance with applicable requirements, particularly as manifested in loss or diversion, can result in administrative, civil or criminal enforcement action. The DEA may seek civil penalties, refuse to renew necessary registrations or initiate administrative proceedings to revoke those registrations. In some circumstances, violations could result in criminal proceedings.

In addition to federal scheduling, some drugs may be subject to state-controlled substance regulation and thus more extensive requirements than those determined by the DEA and FDA.

Other Healthcare Laws and Compliance Requirements

In the United States, our activities are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration), other divisions of the United States Department of Health and Human Services (e.g., the Office of Inspector General), the United States Department of Justice, the DEA and individual United States Attorney offices within the Department of Justice, and state and local governments.

We will also be subject to various federal and state laws targeting fraud and abuse in the healthcare industry. These laws may impact, among other things, our proposed sales, marketing and educational programs. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- The federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either (1) the referral of an individual to a person for furnishing any item or service for which payment is available under a federal health care program, or (2) the purchase, lease, order or recommendation thereof of any good, facility, service or item for which payment is available under a federal health care program;

- The False Claims Act and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, false or fraudulent claims for payment from the federal government or making or using, or causing to be made or used, a false record or statement material to a false or fraudulent claim;

- The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program, obtaining money or property of the health care benefit program through false representations or knowingly and willingly falsifying, concealing or covering up a material fact, making false statements or using or making any false or fraudulent document in connection with the delivery of, or payment for, health care benefits or services;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;

- The provision under the Affordable Care Act ("ACA") commonly referred to as the Sunshine Act, which requires applicable manufacturers of covered drugs, devices, biologics and medical supplies to track and annually report to CMS payments and other transfers of value provided to physicians and teaching hospitals and certain ownership and investment interests held by physicians or their immediate family members in applicable manufacturers and group purchasing organizations; applicable manufacturers are also required to report such information regarding payments and transfers of value provided, as well as ownership and investment interests held, to physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, and certified nurse-midwives; and

- State law equivalents of each of the above federal laws, such as the Anti-Kickback Statute and False Claims Act, and state laws concerning security and privacy of health care information, which may differ in substance and application from state-to-state thereby complicating compliance efforts.

The ACA broadened the reach of the fraud and abuse laws by, among other things, amending the intent requirement of the federal Anti-Kickback Statute and the applicable criminal healthcare fraud statutes contained within 42 U.S.C. Section 1320a-7b. Pursuant to the statutory amendment, a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation. In addition, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act or the civil monetary penalties statute. Many states have adopted laws similar to the federal Anti-Kickback Statute, some of which apply to the referral of patients for healthcare items or services reimbursed by any source, not only the Medicare and Medicaid programs.

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers and other organizations. Third-party payors are increasingly examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy, and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved therapeutics. Adequate third-party reimbursement may not be available for any products for which we obtain regulatory approval to enable us to realize an appropriate return on our investment in research and product development. We are unable to predict the future course of federal or state healthcare legislation and regulations, including the ACA. The ACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and additional downward pressure on the payments received for any approved drug. Any reduction in reimbursement from Medicare or other government healthcare programs result in a similar reduction in payments from private payors. We are unable to predict what these changes may look like in the future.

The Inflation Reduction Act of 2022 (the "IRA") contains substantial drug pricing reforms, including the establishment of a drug price negotiation program within the U.S. Department of Health and Human Services that would require manufacturers to charge a negotiated "maximum fair price" for certain selected drugs or pay an excise tax for noncompliance, the establishment of rebate payment requirements on manufacturers of certain drugs payable under Medicare Parts B and D to penalize price increases that outpace inflation, and requires manufacturers to provide discounts on Part D drugs. Orphan drugs that treat only one rare disease are exempt from the IRA's drug negotiation program. Substantial penalties can be assessed for noncompliance with the drug pricing provisions in the IRA.

In May 2025, President Trump issued an executive order implementing the concept of most-favored nation pricing. Under this order, the Department of Health and Human Services, in coordination with other federal agencies, is directed to take actions to ensure that the price of prescription drugs paid by federal health insurers, including Medicare and Medicaid, is in line with the prices paid in comparably developed nations

As an alternative to the Affordable Care Act, President Trump recently announced the Great Healthcare Plan. As presented, the plan is intended to lower drug prices by increasing competition and benchmarking U.S. drug prices to other countries, reduce insurance premiums by redirecting subsidies from insurers to individuals, increase accountability and transparency from insurers, and promote consumer choice by giving individuals more direct control over how healthcare dollars are spent. Legislative and regulatory action will be required to fully implement the plan. It is unclear how these proposed changes will impact our business and the pharmaceutical industry in general.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Additional federal, state and foreign healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in limited coverage and reimbursement and reduced demand or additional pricing pressures.

International Regulation

In addition to regulations in the United States, there are a variety of foreign regulations governing clinical trials, pricing and reimbursement, and commercial sales and distribution of any product candidates. Importantly, the level of evidence of efficacy and safety necessary to apply for marketing authorization for a drug candidate differs from country to country, the approval process also varies from country to country, and the time may be longer or shorter than that required for FDA approval. Typically, if a foreign regulatory authority is satisfied that a company has presented adequate evidence of safety, quality and efficacy, then the regulatory authority will grant a marketing authorization. This foreign regulatory approval process, however, involves risks similar or identical to the risks associated with FDA approval discussed above, and therefore there are no guarantees that any company will be able to obtain the appropriate marketing authorization for any product in any particular country.

Employees and Human Capital Management

As of December 31, 2025, we had 78 full-time employees at Fortress and our subsidiaries and partner companies. None of our employees is represented by a labor union. We have retained a number of expert advisors and consultants who help navigate us through different aspects of our business. We consider our relations with our employees to be good and have not experienced any work stoppages, slowdowns or other serious labor problems that have materially impeded our business operations.

Our human capital management objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our new and existing employees. The principal purpose of our equity incentive plan is to attract, retain, and motivate selected employees, consultants, and directors through the granting of share-based compensation awards and cash-based bonus awards.

Available Information

We and certain of our affiliates file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). The SEC also maintains a website at http://www.sec.gov that contains reports, proxy and information statements and other information regarding our Company and other companies that file materials with the SEC electronically. Copies of our and certain of our affiliates' reports on Form 10-K, Forms 10-Q and Forms 8-K may also be obtained, free of charge, electronically through our website at www.fortressbiotech.com. Our website also includes announcements of investor conferences and events, information on our business strategies and results, corporate governance information, and other news and announcements that investors might find useful or interesting. The information contained on our website is not included in, or incorporated by reference into, this Annual Report on Form 10-K.

Item 1A. Risk Factors

Investing in our Common Stock, our 9.375% Series A Cumulative Redeemable Perpetual Preferred Stock, $0.001 par value (the "Series A Preferred Stock") or any other type of equity or debt securities we may issue from time to time (together our "Securities") involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K including the Consolidated Financial Statements and the related notes, as well as the risks, uncertainties and other information set forth in the reports and other materials filed or furnished by our partner companies Avenue, Journey and Mustang with the SEC, before deciding to invest in our Securities. If any of the following risks or the risks included in the public filings of Avenue, Journey or Mustang were to materialize, our business, financial condition, results of operations, and future growth prospects could be materially and adversely affected. In that event, the market price of our Securities could decline, and you could lose part of or all of your investment in our Securities. In addition, you should be aware that the below stated risks should be read as being applicable to our subsidiaries and partner companies such that, if any of the negative outcomes associated with any such risk is experienced by one of our subsidiaries or partner companies, the value of Fortress' holdings in such entity may decline. As used throughout this filing, the words "we", "us" and "our" may refer to Fortress individually, to one or more subsidiaries and/or partner companies, or to all such entities as a group, as dictated by context.

Risks Inherent in Drug Development

Most of our product candidates are in the early stages of development and may not be successfully developed or commercialized, and the product candidates that do advance into clinical trials may not receive regulatory approval.

Most of our existing product candidates remain in the early stages of development and will require substantial further capital expenditures, development, testing and regulatory approvals prior to commercialization. The development and regulatory approval processes can take many years, and it is unlikely that our product candidates, even if successfully developed and approved by the FDA and/or foreign equivalent regulatory bodies, would be commercially available for several years. Only a small percentage of drugs under development successfully obtain regulatory approval and are successfully commercialized. Accordingly, even if we are able to obtain the requisite financing to fund development programs, we cannot be sure that any of our product candidates will be successfully developed or commercialized, which could result in the failure of our business and a loss of your investment.

Pharmaceutical development has inherent risks. Before we may seek regulatory approval for the commercial sale of any of our product candidates, we will be required to demonstrate, through well-controlled clinical trials, that our product candidates are effective and have a favorable benefit-risk profile for their target indications. Success in early clinical trials is not necessarily indicative of success in later stage clinical trials, during which product candidates may fail to demonstrate sufficient safety or efficacy, despite having progressed through initial clinical testing, which may cause significant setbacks. Further, we may need to conduct additional clinical trials that are not currently anticipated. As a result, product candidates that we advance into clinical trials may never receive regulatory approval.

Even if any of our product candidates are approved, regulatory authorities may approve any such product candidates for fewer or more limited indications than we request, may place limitations on our ability to commercialize products at the intended price points, may grant approval contingent on the product's performance in costly post-marketing clinical trials, or may approve a label that does not include the claims necessary or desirable for the successful commercialization of that product candidate. The regulatory authority may also require the label to contain warnings, contraindications, or precautions that limit the commercialization of the product. In addition, the DEA, or foreign equivalent, may schedule one or more of our product candidates under the CSA, or its foreign equivalent, which could impede such product's commercial viability. Any of these scenarios could impact the commercial prospects for one or more of our current or future product candidates.

The extensive regulation to which our product candidates are subject may be costly and time consuming, cause anticipated or unanticipated delays, and/or prevent the receipt of the required approvals for commercialization.

The research and clinical development, testing, manufacturing, labeling, storage, record-keeping, advertising, promotion, import, export, marketing and distribution of any product candidate, including our product candidates, is subject to extensive regulation by the FDA in the United States and by comparable health authorities in foreign markets. In the United States, we are not permitted to market a product candidate until the FDA approves such product candidate's BLA or NDA. The approval process is uncertain, expensive, often spans many years, and can vary substantially based upon the type, complexity and novelty of the product candidates involved. In addition to significant and expansive clinical testing requirements, our ability to obtain marketing approval for product candidates depends on the results of required non-clinical testing, including the characterization of the manufactured components of our product candidates and validation of our manufacturing processes.

The FDA may determine that our manufacturing processes, testing procedures or equipment and facilities are inadequate to support approval. Further, the FDA has substantial discretion in the pharmaceutical approval process and may change approval policies or interpretations of regulations at any time, which could delay, limit or preclude a product candidate's approval.

The FDA and other regulatory agencies may delay, limit or refuse approval of a product candidate for many reasons, including, but not limited to:

- disagreement with the trial design or implementation of our clinical trials, including proper use of clinical trial methods and methods of data analysis;
- an inability to establish sufficient data and information to demonstrate that a product candidate is safe and/or effective for an indication;
- the FDA's rejection of clinical data from trials conducted by individual investigators or in countries where the standard of care is potentially different from that of the United States;
- the FDA's determination that clinical trial results do not meet the statistical significance levels required for approval;
- a disagreement by the applicable regulator regarding the interpretation of preclinical study or trial data;
- determination by the FDA that our manufacturing processes or facilities or those of third-party manufacturers with which we or our collaborators contract for clinical supplies or plan to contract for commercial supplies, do not satisfactorily comply with cGMPs; or
- a change to the FDA's approval policies or interpretation of regulations rendering our clinical data, product characteristics, or benefit-risk profile insufficient or unfavorable for approval, including changes that may be taken by the current presidential administration.

Foreign approval procedures vary by country and may, in addition to the aforementioned risks, involve additional product testing, administrative review periods and agreements with pricing authorities. In addition, rapid drug and biological development during the COVID-19 pandemic has raised questions about the safety and efficacy of certain marketed pharmaceuticals and may result in increased cautiousness by the FDA and comparable foreign regulatory authorities in reviewing new pharmaceuticals based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals. Any delay in obtaining, or inability to obtain, applicable regulatory approvals may prevent us from commercializing our product candidates.

Additionally, over the last several years, the U.S. government shut down several times and certain regulatory agencies, such as the FDA and the SEC, had to furlough critical employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to review and process our regulatory submissions in a timely manner, which could have a material adverse effect on our business. Further, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

Delays in the commencement of our clinical trials, or suspensions or terminations of such trials, could result in increased costs and/or delay our ability to pursue regulatory approvals.

The commencement or resumption of clinical trials can be delayed for a variety of reasons, including, but not necessarily limited to, delays in:

- obtaining regulatory approval to commence or resume a clinical trial;
- identifying, recruiting and training suitable clinical investigators;
- reaching and maintaining agreements on acceptable terms with CROs and trial sites, the terms of which may be subject to extensive negotiation and modification from time to time and may vary significantly among different CROs and trial sites;
- obtaining sufficient quantities of a product candidate for use in clinical trials;
- obtaining IRB or ethics committee approval to conduct a clinical trial at a prospective site;
- developing and validating companion diagnostics on a timely basis, if required;
- adding new clinical sites once a trial has begun;
- the death, disability, departure or other change to the principal investigator or other staff overseeing the clinical trial at a given site;
- identifying, recruiting and enrolling patients to participate in a clinical trial; or
- retaining patients who participate in a clinical trial and replacing those who may withdraw due to adverse events from the therapy, insufficient efficacy, fatigue with the clinical trial process, personal issues, or other reasons.

Any delays in the commencement of our clinical trials will delay our ability to pursue regulatory approval for product candidates. In addition, many of the factors that cause, or lead to, a delay in the commencement of clinical trials may also ultimately lead to the termination of a given development program or the denial of regulatory approval of a product candidate.

If any of our product candidates causes unacceptable adverse safety events in clinical trials, we may not be able to obtain regulatory approval or commercialize such product candidates, if approved, preventing us from generating revenue from such products' sale. Alternatively, even if a product candidate is approved for marketing, future adverse events could lead to the withdrawal of such product from the market.

Suspensions or delays in the completion of clinical testing could result in increased costs and/or delay or prevent our ability to complete development of that product candidate or generate product revenues.

Once a clinical trial has begun, patient recruitment and enrollment may be slower than we anticipate due to the nature of the clinical trial plan, the proximity of patients to clinical sites, the eligibility criteria for participation in the study or other factors. Clinical trials may also be delayed as a result of ambiguous or negative interim results or difficulties in obtaining sufficient quantities of product manufactured in accordance with regulatory requirements and on a timely basis. Further, a clinical trial may be modified, suspended or terminated by us, an IRB, an ethics committee or a data safety monitoring committee overseeing the clinical trial, any clinical trial site with respect to that site, or the FDA or other regulatory authorities, due to a number of factors, including, but not necessarily limited to:

- failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols;
- inspection of the clinical trial operations or clinical trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold;
- stopping rules contained in the protocol;
- unforeseen safety or chemistry, manufacturing and control issues, or other determination that the clinical trial presents unacceptable health risks; and
- lack of adequate funding to continue the clinical trial.

Regulatory requirements and guidance may change, and we may need to amend clinical trial protocols to reflect these changes. Any such change may require us to resubmit clinical trial protocols to IRBs, which may in turn impact a clinical trial's cost, timing, and likelihood of success. If any clinical trial is delayed, suspended, or terminated, our ability to obtain regulatory approval for that product candidate will be delayed, and the commercial prospects, if any, for the product candidate may suffer. In addition, many of these factors may ultimately lead to the denial of regulatory approval of a product candidate.

If our competitors develop treatments for any of our product candidates' target indications and those competitor products are approved more quickly, marketed more successfully or demonstrated to be more effective, the commercial opportunity for our product candidates will be reduced or eliminated.

The biotechnology and pharmaceutical industries are subject to rapid and intense technological change. We face, and will continue to face, competition in the development and marketing of our product candidates from academic institutions, government agencies, research institutions and biotechnology and pharmaceutical companies. Furthermore, new developments, including the development of other drug technologies and methods of preventing the incidence of disease, occur in the pharmaceutical industry at a rapid pace. Any of these developments may render one or more of our product candidates obsolete or noncompetitive.

Competitors may seek to develop alternative formulations that do not directly infringe on our in-licensed patent rights. The commercial opportunity for one or more of our product candidates could be significantly harmed if competitors are able to develop alternative formulations outside the scope of our in-licensed patents. Compared to us, many of our potential competitors have substantially greater:

- capital resources;
- development resources, including personnel and technology;
- clinical trial experience;
- regulatory experience;

- expertise in prosecution of intellectual property rights; and
- manufacturing, distribution and sales and marketing capabilities.

As a result of these factors, our competitors may obtain regulatory approval for their products more rapidly than we are able to, or may obtain patent protection or other intellectual property or exclusivity rights that limit our ability to develop or commercialize one or more of our product candidates. Our competitors may also develop drugs that are more effective, safe, useful and/or less costly than ours and may be more successful than us in manufacturing and marketing their products. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. We will also face competition from these third parties in establishing clinical trial sites, in patient registration for clinical trials, and in identifying and in-licensing new product candidates.

Negative public opinion and increased regulatory scrutiny of the therapies that underpin many of our product candidates may damage public perception of our product candidates, or adversely affect our ability to conduct our business or obtain regulatory approvals for our product candidates.

If any of the technologies underpinning our product candidates, including gene therapy, is claimed to be unsafe, such product candidate may not gain the acceptance of the public or the medical community. The success of our gene therapy platforms in particular depends upon physicians who specialize in treating the diseases targeted by our product candidates prescribing treatments involving our product candidates in lieu of, or in addition to, treatments with which they are already familiar and for which greater clinical data may be available. More restrictive government regulations or negative public opinion would have a negative effect on our business or financial condition and may delay or impair the development and commercialization of our product candidates or demand for any products we may develop. Adverse events in our clinical trials, even if not ultimately attributable to our product candidates, and the resulting publicity, could lead to increased governmental regulation, unfavorable public perception, potential regulatory delays in the testing or approval of our potential product candidates, stricter labeling requirements for those product candidates that do obtain approval and/or a decrease in demand for any such product candidates. Concern about environmental spread of our products, whether real or anticipated, may also hinder the commercialization of our products.

The making, use, sale, importation, exportation and distribution of controlled substances are subject to regulation by state, federal and foreign law enforcement and other regulatory agencies.

Controlled substances are subject to state, federal and foreign laws and regulations regarding their manufacture, use, sale, importation, exportation and distribution. Controlled substances are regulated under the CSA and regulations of the DEA. IV tramadol, under development by our partner company Avenue, will be subject to these regulations.

The DEA regulates controlled substances as Schedule I, II, III, IV or V substances. Schedule I substances by definition have a high potential for abuse and no established medicinal use and may not be marketed or sold in the United States. A pharmaceutical product may be listed as Schedule II, III, IV or V, with Schedule II substances considered to present the highest risk of abuse and Schedule V substances the lowest relative risk of abuse among such substances.

Various states also independently regulate controlled substances. Though state-controlled substances laws often mirror federal law, because the states are separate jurisdictions, they may separately schedule drugs as well. While some states automatically schedule a drug when the DEA does so, in other states there must be rulemaking or a legislative action. State scheduling may delay commercial sale of any controlled substance drug product for which we obtain federal regulatory approval and adverse scheduling could impair the commercial attractiveness of such product. We or our collaborators must also obtain separate state registrations in order to be able to obtain, handle and distribute controlled substances for clinical trials or commercial sale, and failure to meet applicable regulatory requirements could lead to enforcement and sanctions from the states in addition to those from the DEA or otherwise arising under federal law.

For any of our products classified as controlled substances, we and our suppliers, manufacturers, contractors, customers and distributors are required to obtain and maintain applicable registrations from state, federal and foreign law enforcement and regulatory agencies and comply with state, federal and foreign laws and regulations regarding the manufacture, use, sale, importation, exportation and distribution of controlled substances. There is a risk that DEA regulations may limit the supply of the compounds used in clinical trials for our product candidates and the ability to produce and distribute our products in the volume needed to both meet commercial demand and build inventory to mitigate possible supply disruptions.

Regulations associated with controlled substances govern manufacturing, labeling, packaging, testing, dispensing, production and procurement quotas, recordkeeping, reporting, handling, shipment and disposal. These regulations increase the personnel needs and the expense associated with development and commercialization of product candidates including controlled substances. The DEA, and some states, conduct periodic inspections of registered establishments that handle controlled substances. Failure to obtain and maintain required registrations or comply with any applicable regulations could delay or preclude us from developing and commercializing our product candidates containing controlled substances and subject us to enforcement action. The DEA may seek civil penalties, refuse to renew necessary registrations or initiate proceedings to revoke those registrations. In some circumstances, violations could lead to criminal proceedings. Because of their restrictive nature, these regulations could limit commercialization of any of our product candidates that are classified as controlled substances, which would have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Securities to decline.

The FDA limits regulatory approval for our product candidates to those specific indications and conditions for which clinical safety and efficacy have been demonstrated.

Any regulatory approval is limited to the indications for use and related treatment of those specific diseases set forth in the approval for which a product is deemed to be safe and effective by the FDA. In addition to the FDA approval required for new formulations, any new indication for an approved product also requires FDA approval. If we are not able to obtain FDA approval for any desired future indications for our products, our ability to effectively market and sell our products may be reduced and our business may be adversely affected.

While physicians may prescribe drugs for uses that are not described in the product's label or that differ from those tested in clinical studies and approved by the regulatory authorities, our ability to promote the products is limited to those indications that are specifically approved by the FDA. Such off-label uses are common across medical specialties and may constitute an appropriate treatment for some patients in varied circumstances. Regulatory authorities in the U.S. generally do not regulate the practice of medicine or behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical companies regarding the promotion of off-label use.

If our promotional activities fail to comply with these regulations or guidelines, we may be subject to compliance or enforcement actions, including Warning Letters or Untitled Letters, by, these authorities. In addition, our failure to follow FDA laws, regulations and guidelines relating to promotion and advertising may cause the FDA to suspend or withdraw an approved product from the market, request a recall, institute fines, or could result in disgorgement of money, operating restrictions, corrective advertising, injunctions or criminal prosecution, any of which could harm our business.

If the FDA does not conclude that a product candidate satisfies the requirements for the Section 505(b)(2) regulatory approval pathway, or if the requirements for such product candidate under Section 505(b)(2) are not as we expect, the approval pathway for the product candidate will likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated, and in either case may not be successful.

The Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Act, added Section 505(b)(2) to the FDCA. Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference. Section 505(b)(2), if applicable to us under the FDCA, would allow an NDA we submit to FDA to rely in part on data in the public domain or the FDA's prior conclusions regarding the safety and effectiveness of approved compounds, which could expedite the development program for our product candidates by potentially decreasing the amount of clinical data that we would need to generate in order to obtain FDA approval. If the FDA does not allow us to pursue the Section 505(b)(2) regulatory pathway as anticipated, we may need to conduct additional clinical trials, provide additional data and information, and meet additional standards for regulatory approval. If this were to occur, the time and financial resources required to obtain FDA approval for these product candidates, and complications and risks associated with these product candidates, would likely substantially increase. We could need to obtain more additional funding, which could result in significant dilution to the ownership interests of our then existing stockholders to the extent we issue equity securities or convertible debt. We cannot assure you that we would be able to obtain such additional financing on terms acceptable to us, if at all. Moreover, inability to pursue the Section 505(b)(2) regulatory pathway would likely result in new competitive products reaching the market more quickly than our product candidates, which would likely materially adversely impact our competitive position and prospects. Even if we are allowed to pursue the Section 505(b)(2) regulatory pathway, we cannot assure you that our product candidates will receive the requisite approvals for commercialization in a timely manner, or at all.

In addition, notwithstanding the approval of a number of products by the FDA under Section 505(b)(2) over the last few years, certain brand-name pharmaceutical companies and others have objected to the FDA's interpretation of Section 505(b)(2). If the FDA's interpretation of Section 505(b)(2) is successfully challenged, the FDA may change its Section 505(b)(2) policies and practices, which could delay or even prevent the FDA from approving any NDA that we submit under Section 505(b)(2). In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that are referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of our NDAs for up to 30 months or longer depending on the outcome of any litigation. It is not uncommon for a manufacturer of an approved product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of the new product. However, even if the FDA ultimately denies such a petition, the FDA may substantially delay approval while it considers and responds to the petition. In addition, even if we are able to utilize the Section 505(b)(2) regulatory pathway, there is no guarantee this would ultimately lead to faster product development or earlier approval.

Moreover, even if our product candidates are approved under Section 505(b)(2), the approval may be subject to limitations on the indicated uses for which the products may be marketed or to other conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the products.

Changes in U.S. government policy, regulation, enforcement priorities, and funding decisions could adversely affect our business, financial condition and results of operations.

The current presidential administration has signaled, and may further implement, significant shifts in policies that directly impact the life sciences industry, including policies relating to FDA regulation and enforcement, drug approval and review processes, reimbursement and pricing (including Medicare, Medicaid and other government programs), healthcare reform, intellectual property protection, trade and tariffs, and federal research and public health funding. The administration's approach, together with actions by Congress and federal agencies such as the FDA, PTO, Centers for Medicare & Medicaid Services, U.S. Department of Health and Human Services ("HHS"), National Institutes of Health and the Centers for Disease Control and Prevention, is inherently uncertain and may materially differ from historical norms or from our current expectations.

Potential changes may include, among others: (i) modifications to standards, procedures or timelines for the review, clearance, approval or post-market oversight of drugs; (ii) changes to policies on real-world evidence, accelerated approval, emergency use authorizations, and clinical trial requirements; (iii) reforms or restrictions affecting drug pricing, reimbursement levels, coverage decisions and formulary placement for products paid for by federal healthcare programs; (iv) increased or decreased enforcement of laws and regulations relating to manufacturing, promotion, fraud abuse, data integrity, privacy and cybersecurity; (v) changes in federal funding priorities for biomedical research and public health programs that may impact key customers, collaborators and research partners; and (vi) trade, tariff and supply-chain measures that could affect our access to critical materials, components, contract manufacturers, or international markets.

Any such actions, or uncertainty regarding potential actions, could increase development, regulatory, compliance, and commercialization costs; delay, limit or prevent the development, approval, launch or commercial success of future product candidates or marketed products; affect pricing, reimbursement and market access; disrupt our supply chain; alter the behavior and financial condition of our customers, clinical sites, collaborators and payors; and contribute to volatility in capital markets that could affect our ability to raise additional financing on acceptable terms or at all. Because we cannot predict the timing, scope, direction, or ultimate impact of policy or regulatory changes under the current presidential administration, we may not be able to anticipate or fully mitigate their effects. Any of the foregoing could materially and adversely affect our business, financial condition, and results of operations.

Risks Pertaining to the Need for and Impact of Existing and Additional Financing Activities

We have historically financed a significant portion of our growth and operations in part through the assumption of debt. Should an event of default occur under any applicable loan documents, our business would be materially adversely affected. Further, our current credit arrangement with Oaktree restricts our and certain of our subsidiaries' and partner companies' abilities to take certain actions.

At December 31, 2025, the total amount of debt outstanding, net of the debt discount, was $52.4 million. If we default on our obligations, the holders of our debt may declare the outstanding amounts immediately payable together with accrued interest, and/or take possession of any pledged collateral. If an event of default occurs, we may be unable to cure it within the applicable cure period, if at all. If the maturity of our indebtedness is accelerated, we may not have sufficient funds available for repayment and we may be unable to borrow or obtain sufficient funds to replace the accelerated indebtedness on terms acceptable to us, or at all. In addition, current or future debt obligations may limit our ability to finance future operations, satisfy capital needs, or to engage in, expand or pursue our business activities. Such restrictions may also prevent us from engaging in activities that could be beneficial to our business and our stockholders unless we repay the outstanding debt, which may not be desirable or possible.

On July 25, 2024, we, as borrower, entered into a $50.0 million senior secured credit agreement (the "2024 Oaktree Agreement") with Oaktree Fund Administration, LLC and the lenders from time-to-time party thereto (collectively, "Oaktree"). On December 12, 2025, we entered into the First Amendment to the 2024 Oaktree Agreement ("the "Oaktree First Amendment"), which provided for, among other things, an extension of the maturity date to June 30, 2028, and an adjustment to the minimum net sales covenant. On February 22, 2026, Fortress entered into the Second Amendment to the 2024 Oaktree Agreement (the "Oaktree Second Amendment, together with the Oaktree First Amendment and the 2024 Oaktree Agreement, the "New Oaktree Agreement"). We borrowed $35.0 million under the 2024 Oaktree Agreement on the date of the agreement (the "2024 Oaktree Note") and are eligible to draw up to an additional $15.0 million with the lenders' consent. The New Oaktree Agreement contains customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness, and dividends and other distributions, subject to certain exceptions. In addition, the New Oaktree Agreement contains certain financial covenants, including, (i) a requirement that we maintain a minimum liquidity of $7.0 million, which may be reduced or increased as described in the New Oaktree Agreement, and (ii) that product net sales of Journey meet a consolidated minimum net sales amount of $60.0 million as of the last day of the fiscal quarter ending December 31, 2025, $65.0 million as of the last day of the fiscal quarter ending March 31, 2026, $70.0 million as of the last day of the fiscal quarter ending June 30, 2026, $75.0 million as of the last day of the fiscal quarter ending September 30, 2026, and $80.0 million as of the fiscal quarter ending December 31, 2026 and the last day of each fiscal quarter thereafter (the "Minimum Net Sales Test"), subject to certain exclusions. Failure by the Company to comply with the financial covenants will result in an event of default, subject to certain cure rights with respect to the Minimum Net Sales Test. The Minimum Net Sales Test covenant does not apply any time the outstanding principal balance of the Loan is less than or equal to $10.0 million. Under the Oaktree Second Amendment, in the event that the outstanding principal balance of the loan is less than or equal to $15.0 million and Fortress receives the distribution of proceeds from Cyprium following the closing of the sale of the PRV by Cyprium pursuant to the definitive asset purchase agreement dated February 22, 2026 (the "PRV APA"), the minimum liquidity required will be lowered to $2.0 million and the Minimum Net Sales Test will no longer apply.

The New Oaktree Agreement contains events of default that are customary for financings of this type, in certain circumstances subject to customary cure periods. In addition, the Company is also required to (i) raise common equity, or receive in proceeds from monetizations or distributions, by the end of each calendar year prior to the maturity date, in an aggregate amount equal to the greater of $20 million or 50% of an amount set forth in an annual budget delivered to the lenders and (ii) maintain a specified minimum equity stake in Journey. The capital raise and minimum stake covenants and financial covenants will not apply if (i) the outstanding principal balance of the loan is less than or equal to $10 million or (ii) the outstanding principal balance of the loan is less than or equal to $15.0 million and Fortress receives the distribution of proceeds from Cyprium following the closing of the sale of the PRV by Cyprium pursuant to the PRV APA (as defined below). The breach of any other such provisions (even, potentially, in an immaterial manner) could result in an event of default under the New Oaktree Agreement, the announcement and impact of which could have a negative impact on the trading prices of our securities. The restrictions imposed by such provisions may also inhibit our and certain of our subsidiaries and partner companies' ability to enter into certain transactions or arrangements that management otherwise believes would be in our or such partner companies' best interests, such as dispositions that would result in cash inflows to Fortress and/or our subsidiaries and partner companies, or acquisitions or financings that would promote future growth.

We have a history of operating losses that is expected to continue, and we are unable to predict the extent of future losses, whether we will be able to sustain current revenues or whether we will ever achieve or sustain profitability.

We continue to generate operating losses in all periods including losses from operations of approximately $70.2 million and $110.4 million for the years ended December 31, 2025 and 2024, respectively. At December 31, 2025, we had an accumulated deficit of approximately $734.1 million. We expect to make substantial expenditures and incur increasing operating costs and interest expense in the future, and our accumulated deficit will increase significantly as we expand development and clinical trial activities for our product candidates and finance investments in certain of our existing and new subsidiaries in accordance with our growth strategy. Our losses have had, and are expected to continue to have, an adverse impact on our working capital, total assets and stockholders' equity.

Because of the numerous risks and uncertainties associated with developing pharmaceutical products, we are unable to predict the timing or amount of increased expenses or when or if, we will be able to achieve profitability. Our net losses may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase substantially if:

- one or more of our development-stage product candidates is approved for commercial sale and we decide to commercialize such product(s) ourselves, due to the need to establish the necessary commercial infrastructure to launch and commercialize this product without substantial delays, including hiring sales and marketing personnel and contracting with third parties for manufacturing, testing, warehousing, distribution, cash collection and related commercial activities;
- we are required by the FDA or a foreign regulatory authority to perform studies in addition to those currently expected;
- there are any delays in completing our clinical trials or the development of any of our product candidates;
- we execute other collaborative, licensing or similar arrangements, depending on the timing of payments we may make or receive under these arrangements;
- there are variations in the level of expenses related to our future development programs;
- we become involved in any product liability or intellectual property infringement lawsuits; and
- there are any regulatory developments affecting our competitors' product candidates.

Our ability to become profitable depends upon our ability to generate revenue. To date, other than from Journey, we have not generated any revenue from our development stage products, and we do not know when, or if, we will generate any revenue from such development-stage products. Our ability to generate revenue from such development-stage products depends on a number of factors, including, but not limited to, our ability to:

- obtain regulatory approval for one or more of our product candidates, or any future product candidate that we may license or acquire in the future;
- manufacture commercial quantities of one or more of our product candidates or any future product candidate, if approved, at acceptable cost levels; and
- develop a commercial organization and the supporting infrastructure required to successfully market and sell one or more of our product candidates or any future product candidate, if approved.

Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or even continue our operations, which would have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Securities to decline. A decline in the value of our company could also cause you to lose all or part of your investment.

To fund our operations and service our debt securities, which may be deemed to include our Series A Preferred Stock, we will be required to generate a significant amount of cash. Our ability to generate cash depends on a number of factors, some of which are beyond our control, and any failure to meet our debt obligations would have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Common Stock and/or Series A Preferred Stock to decline.

Prevailing economic conditions and financial, business and other factors, many of which are beyond our control, may affect our ability to make payments on our debt. If we do not generate sufficient cash flow to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Alternatively, as we have done in the past, we may also elect to refinance certain of our debt, for example, to extend maturities. Our ability to restructure or refinance our debt will depend on the capital markets and our financial condition at such time. If we are unable to access the capital markets, whether because of the condition of those capital markets or our own financial condition or reputation within such capital markets, we may be unable to refinance our debt. In addition, any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms, or at all, could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Securities to decline.

Repayment of our indebtedness is dependent in part on the generation of cash flow by Journey and its ability to make such cash available to us, by dividend, debt repayment or otherwise. Journey may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each of our subsidiaries and partner companies, including Journey, is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries and partner companies.

Our ability to continue to reduce our indebtedness will depend upon factors including our future operating performance, our ability to access the capital markets to refinance existing debt and prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We can provide no assurance of the amount by which we will reduce our debt, if at all. In addition, servicing our debt will result in a reduction in the amount of our cash flow available for other purposes, including operating costs and capital expenditures that could improve our competitive position and results of operations.

We may need substantial additional funding and may be unable to raise capital when needed, which may force us to delay, curtail or eliminate one or more of our R&D programs, commercialization efforts or planned acquisitions and potentially change our growth strategy.

Our R&D programs will require substantial additional capital for research, preclinical testing and clinical trials, establishing pilot scale and commercial scale manufacturing processes and facilities, and establishing and developing quality control, regulatory, marketing, sales, and administrative capabilities to support these programs. We expect to fund our R&D activities from a combination of cash generated from royalties and milestones from our partners in various past, ongoing, and future collaborations, and through additional equity or debt financings from third parties. These financings could depress the trading prices of our Securities. If additional funds are required to support our operations and such funds cannot be obtained on favorable terms, we may not be able to develop products, which will adversely impact our growth strategy.

Our operations have consumed substantial amounts of cash since inception. During the years ended December 31, 2025 and 2024, we incurred R&D expenses of approximately $11.9 million and $56.6 million, respectively. We expect to continue to spend significant amounts on our growth strategy. We believe that our current cash and cash equivalents will enable us to continue to fund operations in the normal course of business for at least the next 12 months from the filing of this Annual Report on Form 10-K. Until such time, if ever, as we can generate a sufficient amount of product revenue and achieve profitability, we expect to seek to finance potential cash needs.

Our ability to obtain additional funding when needed, changes to our operating plans, our existing and anticipated working capital needs, the acceleration or modification of our planned R&D activities, expenditures, acquisitions and growth strategy, increased expenses or other events may affect our need for additional capital in the future and require us to seek additional funding sooner or on different terms than anticipated. In addition, if we are unable to raise additional capital when needed, we might have to delay, curtail or eliminate one or more of our R&D programs and commercialization efforts and potentially change our growth strategy, which would have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Securities to decline. The terms of our existing debt arrangements, including that with Oaktree, have and will continue to inhibit our and our subsidiaries' abilities to raise capital.

We may be unable to generate returns for our investors if our partner companies and subsidiaries, several of which have limited or no operating history, have no commercialized revenue generating products or, if not yet profitable, cannot obtain additional third-party financing.

As part of our growth strategy, we have made and will likely continue to make substantial financial and operational commitments in our subsidiaries, which often have limited or no operating history, have no commercialized revenue generating products, and require additional third-party financing to fund product and services development or acquisitions. Our business depends in large part on the ability of one or more of our subsidiaries and/or partner companies to innovate, in-license, develop or acquire successful biopharmaceutical products and/or acquire companies in increasingly competitive and highly regulated markets. If certain of our subsidiaries and/or partner companies do not successfully obtain additional third-party financing to commercialize products or are not acquired in change-of-control transactions that result in cash distributions, as applicable, the value of our businesses and our ownership stakes in our partner companies may be materially adversely affected, which would have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Securities to decline.

Raising additional funds by issuing securities or through licensing or lending arrangements may cause dilution to our existing stockholders, restrict our operations or require us to relinquish proprietary rights.

To the extent that we raise additional capital by issuing Common Stock (or other Securities that are convertible into or exercisable for shares of Common Stock), the share ownership of existing stockholders will be diluted. We have also entered into financing arrangements to raise capital for our subsidiaries under which Common Stock is or may be issuable to investors in lieu of cash, upon certain conditions being met; in the event such issuances take place, they will also be dilutive of the stakes of existing stockholders. Any future debt financings may impose covenants that restrict our operations, including by limiting our ability to incur liens or additional debt, pay dividends, redeem our stock, make certain financial commitments and engage in certain merger, consolidation or asset sale transactions, among other restrictions. In addition, if we raise additional funds through licensing or sublicensing arrangements, it may be necessary to relinquish potentially valuable rights to our product candidates or grant licenses on terms that are not favorable to us.

We have paused dividend payments on our Series A Preferred Stock and may not be able to resume payment of dividends on our Series A Preferred Stock in the future if we have insufficient cash or available "surplus" as defined under Delaware law to make such dividend payments.

On July 5, 2024, our board of directors paused the payment of dividends on our Series A Preferred Stock until further notice. However, dividends on our Series A Preferred Stock accrue daily, are payable monthly and will continue to accrue from the last date of payment. Our board of directors deemed the foregoing to be in the best interests of the Company and its common stockholders in light of the Company's current and anticipated financial condition and outlook, and after considering its fiduciary duties to the Company's common stockholders and other relevant factors. Our ability to pay cash dividends on our Series A Preferred Stock in the future requires us to have either net profits or positive net assets (total assets less total liabilities) over our capital, and that we have sufficient working capital in order to be able to pay our debts as they become due in the usual course of business. Our ability to pay dividends may also be impaired if any of the risks described in this report were to occur. Also, payment of our dividends depends upon our financial condition and other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will have sufficient cash or "surplus" to resume payment of the cash dividends on the Series A Preferred Stock in a timely manner, or at all.

Because we have paused dividend payments on our Series A Preferred Stock, we are currently ineligible to file new short-form registration statements on Form S-3, which may impair our ability to raise capital on terms favorable to us, in a timely manner or at all.

Form S-3 permits eligible issuers to conduct registered offerings using a short-form registration statement that allows the issuer to incorporate by reference its past and future filings and reports made under the Exchange Act. In addition, Form S-3 enables eligible issuers to conduct primary offerings "off the shelf" under Rule 415 of the Securities Act. The shelf registration process, combined with the ability to forward incorporate information, allows issuers to avoid delays and interruptions in the offering process and to access the capital markets in a more expeditious and efficient manner than raising capital in a standard registered offering pursuant to a registration statement on Form S-1.

As a result of our decision to pause dividend payments on our Series A Preferred Stock, we will not be eligible to register the offer and sale of our securities using a registration statement on Form S-3 until we pay all accumulated dividends on our Series A Preferred Stock, resume payments of newly accruing dividends on our Series A Preferred Stock and enter a fiscal year during which we missed no such dividend payments. Should we wish to register the offer and sale of our securities to the public prior to the time we are eligible to use Form S-3, both our transaction costs and the amount of time required to complete the transaction could increase, making it more difficult to execute any such transaction successfully and thereby potentially adversely affecting our financial condition.

We have never paid and currently do not intend to pay cash dividends in the near future, except for the dividend we previously paid on our Series A Preferred Stock. As a result, capital appreciation, if any, will be the sole source of gain for our Common Stockholders.

We have never paid cash dividends on our Common Stock, or made stock dividends, except for the dividend we previously paid on shares of our Series A Preferred Stock, and we currently intend to retain future earnings, if any, to fund the development and growth of our businesses, and retain our stock positions. In addition, the terms of existing and future debt agreements may preclude us from paying cash or stock dividends. Equally, each of our subsidiaries and partner companies is governed by its own board of directors with individual governance and decision-making regimes and mandates to oversee such entities in accordance with their respective fiduciary duties. As a result, we alone cannot determine the acts that could maximize value to you of such partner companies and subsidiaries in which we maintain ownership positions, such as declaring cash or stock dividends. As a result, capital appreciation, if any, of our Common Stock will be the sole source of gain for holders of our Common Stock for the foreseeable future.

We have historically relied in part on sales of our Common Stock and other securities to fund our operations, and our future ability to obtain additional capital through stock sales or other securities offerings may be more costly than in the past, or may not be available to us at all.

We have historically relied in part on sales of our Common Stock to fund our operations. For example, we raised an aggregate of approximately $36.6 million in net proceeds in fiscal years 2023 and 2024 and $1.0 million in net proceeds through the sale of shares of our Common Stock in offerings made under a Form S-3 "shelf" registration statement and $2.6 million from warrant exercises in fiscal year 2025. Using a shelf registration statement to conduct an equity offering to raise capital generally takes less time and is less expensive than other means, such as conducting an offering under a Form S-1 registration statement. We are no longer eligible to file any new shelf registration statements due to non-payment of dividends on our Series A Preferred Stock since July 5, 2024 and because we have not resumed payment of dividends on our Series A Preferred Stock or paid all accumulated dividends, we have lost the ability to use our currently effective "shelf" registration statement on Form S-3. Accordingly, we are only able to conduct additional offerings of our securities under an exemption from registration under the Securities Act or under a Form S-1 registration statement. We would expect either of these alternatives to be a more expensive method of raising additional capital and may be more dilutive to our stockholders relative to using a Form S-3 shelf registration statement.

Risks Pertaining to Our Existing Revenue Stream from Journey Medical Corporation

Future revenue based on sales of our dermatology products, Qbrexza, Accutane, Amzeeq, Zilxi, Targadox, Exelderm, Luxamend and Emrosi, may be lower than expected or lower than in previous periods.

The vast majority of our operating income for the foreseeable future is expected to come from the sale of our dermatology products through our partner company Journey. Any setback that may occur with respect to such products could significantly impair our financial condition, cash flows and/or operating results and/or reduce the value of our Securities. Setbacks for such products could include, but are not limited to, issues related to: supply chain, shipping; distribution; demand; manufacturing; product safety; product quality; marketing; government regulation, including but not limited to pricing or reimbursement; licensing and approval; intellectual property rights; competition with existing or new products, including third-party generic competition; product acceptance by physicians, other licensed medical professionals, and patients; and higher than expected total rebates, returns or recalls. Also, a significant portion of Journey's sales derive from products that are without patent protection and/or are or may become subject to third party generic competition; the introduction of new competitor products, or increased market share of existing competitor products, could have a significant adverse effect on our operating income.

We face challenges as our products face generic competition and/or losses of exclusivity.

Journey's products do and may compete with well-established products, both branded and generic, with similar or the same indications. We face increased competition from manufacturers of generic pharmaceutical products, who may submit applications to FDA seeking to market generic versions of our products. In connection with these applications, the generic drug companies may seek to challenge the validity and enforceability of our patents through litigation. When patents covering certain of our products (if applicable) expire or are successfully challenged through litigation or in USPTO proceedings, if a generic company launches a competing product "at risk," or when the regulatory or licensed exclusivity for our products (if applicable) expires or is otherwise lost, we may face generic competition as a result.

A significant portion of our sales derive from products that are without patent protection and/or are or may become subject to third-party generic competition, the introduction of new competitor products, or an increase in market share of existing competitor products, any of which could have a significant adverse impact on our operating income. Four of our marketed products, Qbrexza, Amzeeq, Zilxi, and Emrosi, currently have patent protection. Four of our marketed products, Accutane, Targadox, Luxamend and Exelderm, do not have patent protection or otherwise are not eligible for patent protection.

Accutane currently competes in the Isotretinoin market with five other therapeutically equivalent A/B rated products. Targadox currently competes with one therapeutically equivalent A/B rated generic product. Exelderm may face A/B rated generic competition in the future.

Generic versions are generally significantly less expensive than branded versions, and, where available, may be required to be utilized before or in preference to the branded version by third-party payors, or substituted by pharmacies. Accordingly, when a branded product loses its market exclusivity, it normally faces intense price competition from generic forms of the product. To successfully compete for business with managed care and pharmacy benefits management organizations, we must often demonstrate that our products offer not only medical benefits, but also cost advantages as compared with other forms of care. Any reduction in sales of our products or the prices we receive for our products as a result of generic competition could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Securities to decline.

On February 25, 2026, Journey filed a patent infringement lawsuit in the District Court for the District of Delaware against Lupin Limited, Lupin Inc., and Lupin Pharmaceuticals, Inc. (collectively "Lupin"). This lawsuit was filed following receipt of a "paragraph IV certification" notice from Lupin regarding its respective filing of an ANDA with the FDA seeking approval to engage in the commercial manufacture, use, or sale of a generic version of Emrosi in the U.S. prior to the expiration of certain of Journey's U.S. patents. The notice alleged that certain of Journey's patents related to Emrosi, which expire in January 2039, are invalid, unenforceable, and/or will not be infringed by the commercial manufacture, use, or sale of the proposed generic products. Journey intends to vigorously defend its intellectual property. The filing of a lawsuit within 45 days of receipt of Lupin's paragraph IV notice triggered a stay of FDA approval of Lupin's ANDA for up to 30 months in accordance with the Hatch-Waxman Act.

Any disruptions to the capabilities, composition, size or existence of Journey's field sales force may have a significant adverse impact on our existing revenue stream. Further, our ability to effectively market and sell any future products that we may develop and for which we receive marketing authorization, will depend on our ability to establish and maintain sales and marketing capabilities or to enter into agreements with third parties to market, distribute and sell any such products.

Journey's field sales force has been and is expected to continue to be an important contributor to our commercial success. Any disruptions to our relationship with such field sales force or the professional employer organization that employs our field sales force, could materially adversely affect our product sales.

The establishment, development, and/or expansion of a field sales force, either by us or certain of our partners or vendors, or the establishment of a contract field sales force to market any products for which we may have or receive marketing approval is expensive and time-consuming and could delay any such product launch or compromise the successful commercialization of such products. If we are unable to establish and maintain sales and marketing capabilities or any other non-technical capabilities necessary to commercialize any products that may be successfully developed, we will need to contract with third parties to market and sell such products. We may not be able to establish or maintain arrangements with third parties on commercially reasonable terms, or at all.

If our products are not included in managed care organizations' formularies or coverage by other organizations, our products' utilization and market shares may be negatively impacted, which could have a material adverse effect on our business and financial condition.

In the United States, continued sales and coverage, including formulary inclusion without the need for a prior authorization or step edit therapy, of our products for commercial sale will depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers and other organizations. Third-party payors are increasingly examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy, and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved therapeutics. Adequate third-party reimbursement may not be available for our products to enable us to realize an appropriate return on our investment of our currently marketed products or those which we may acquire or develop in the future.

Managed care organizations and other third-party payors try to negotiate the pricing of medical services and products to control their costs. Managed care organizations and pharmacy benefit managers typically develop formularies to reduce their cost for medications. Formularies are based on the prices and therapeutic benefits of available products. Due to their lower costs, generic products are often favored. The breadth of the products covered by formularies varies considerably from one managed care organization to another, and many formularies include alternative and competitive products for treatment of particular medical conditions. Failure to be included in such formularies or to achieve favorable formulary status may negatively impact the utilization and market share of our products. If our products are not included within an adequate number of formularies or adequate reimbursement levels are not provided, or if those policies increasingly favor generic products, this could have a material adverse effect on our business and financial condition, cash flows and results of operations and could cause the market value of our Securities to decline.

Reimbursement for our products and product candidates may be limited or unavailable in certain market segments, which could make it difficult for us to sell our products profitably.

We have obtained approval for some products, and intend to seek approval for other product candidates, to commercialize in both the United States and in countries and territories outside the United States. If we obtain approval in one or more foreign countries, we will be subject to rules and regulations in those countries relating to such products. In some foreign countries, particularly in the European Union, the pricing of prescription pharmaceuticals and biologics is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product candidate. In addition, market acceptance and sales of our product candidates, if approved, will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for any of our product candidates and may be affected by existing and future healthcare reform measures.

Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which pharmaceuticals they will pay for and establish reimbursement levels. Reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination regarding whether a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- experimental or investigational.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time consuming and costly process that could require that we provide supporting scientific, clinical and cost-effectiveness data for the use of our products to the payor. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. If reimbursement of our future products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability. Additionally, while we may seek approval of our product candidates in combination with each other, there can be no guarantee that we will obtain coverage and reimbursement for any of our products together, or that such reimbursement will incentivize the use of our products in combination with each other as opposed to in combination with other agents which may be priced more favorably to the medical community.

Our products and future product candidates may become subject to unfavorable pricing regulations, third-party coverage and reimbursement practices or healthcare reform initiatives, which could harm our business.

Our ability to successfully commercialize any product candidate that receives marketing authorization depends in part on the extent to which coverage and reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and other third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the healthcare industry in the United States and elsewhere is cost containment.

The United States and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system, including implementing cost-containment programs to limit the growth of government-paid healthcare costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. In the United States, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "Affordable Care Act"), was intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add transparency requirements for the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. We expect that changes to the Affordable Care Act, the Medicare and Medicaid programs, changes allowing the federal government to directly negotiate drug prices and changes stemming from other healthcare reform measures, especially with regard to healthcare access, financing or other legislation in individual states, may result in more rigorous coverage criteria and in additional downward pressure on the price that can be charged for drug products. In addition, on May 12, 2025, President Trump issued an executive order implementing the concept of most-favored nation pricing. Under this order, the HHS, in coordination with other federal agencies, is directed to take actions to ensure that the price of prescription drugs paid by federal health insurers, including Medicare and Medicaid, is in line with the prices paid in comparably developed nations. Any reduction in reimbursement from Medicare, Medicaid, or other government programs may result in a similar reduction in payments from private payers.

The Inflation Reduction Act of 2022 (the "IRA") contains substantial drug pricing reforms, including the establishment of a drug price negotiation program within the HHS that would require manufacturers to charge a negotiated "maximum fair price" for certain selected drugs or pay an excise tax for noncompliance, the establishment of rebate payment requirements on manufacturers of certain drugs payable under Medicare Parts B and D to penalize price increases that outpace inflation, and requires manufacturers to provide discounts on Part D drugs. Orphan drugs that treat only one rare disease are exempt from the IRA's drug negotiation program. Substantial penalties can be assessed for noncompliance with the drug pricing provisions in the IRA.

As an alternative to the Affordable Care Act, President Trump recently announced the Great Healthcare Plan. As presented, the plan is intended to lower drug prices by increasing competition and benchmarking U.S. drug prices to other countries, reduce insurance premiums by redirecting subsidies from insurers to individuals, increase accountability and transparency from insurers, and promote consumer choice by giving individuals more direct control over how healthcare dollars are spent. Legislative and regulatory action will be required to fully implement the plan. It is unclear how these proposed changes will impact our business and the pharmaceutical industry in general.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Additional federal, state and foreign healthcare reform measures will be adopted in the future.

The implementation of any of the cost containment measures or other healthcare reforms discussed above may prevent us from being able to generate revenue, attain profitability or commercialize our products.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for drugs. It is uncertain whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such may be. In addition, increased Congressional scrutiny of the FDA's approval process, as well as staffing cuts effected at the FDA in early 2025, may significantly delay or prevent marketing approval, and the industry could become subject to more stringent product labeling and post-marketing testing and other requirements, any of which could have a material adverse impact on the development and commercialization of drug products.

Over the last several years, the U.S. government shut down several times and certain regulatory agencies, such as the FDA and the SEC, had to furlough critical employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to review and process any regulatory submissions we submit in a timely matter, which could have a material adverse effect on our business. Further, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

The Company's business may be materially adversely affected by the imposition of duties and tariffs and other trade barriers and retaliatory countermeasures implemented by the U.S. and other governments.

Recently there have been significant changes to United States trade policies, sanctions and tariffs, including, but not limited to, trade policies and imposition of tariffs affecting products imported from outside of the U.S., including pharmaceutical products. This could have negative impacts on our business operations. These changes to trade policies, sanctions, and tariffs have led to increased trade and political tensions between the U.S. and other countries in the international community. In response to the U.S. tariffs, other countries have implemented retaliatory tariffs on U.S. goods. Currently, we import a large portion of our finished products from countries outside of the U.S., including, most significantly, from India. These tariffs or any new or additional tariffs on goods imported to the U.S. from India, or other countries, could increase the cost of sourcing of our products and therefore reduce our margins, reduce our net sales and/or cause us to increase prices. Further, the continued threats of tariffs, trade restrictions and trade barriers could have a generally disruptive impact on the global economy and, therefore, negatively impact our sales, overall business and results of operations. The impact of any adopted, new or proposed tariffs, trade restrictions or domestic sourcing requirements on our business is subject to a number of factors that we cannot predict, including, but not limited to, the scope, nature, amount, effective date and duration of any such measures. Such tariffs, trade restrictions or domestic sourcing requirements could have a material adverse effect on our business, prospects, financial condition or results of operations.

Risks Pertaining to our Business Strategy, Structure and Organization

We have entered, and will likely in the future enter, into certain collaborations or divestitures which may cause a reduction in our business' size and scope, market share and opportunities in certain markets, or our ability to compete in certain markets and therapeutic categories. We have also entered into several arrangements under which we have agreed to contingent dispositions of subsidiaries, partner companies and/or their assets. The failure to consummate any such transaction may impair the value of such companies and/or assets, and we may not be able to identify or execute alternative arrangements on favorable terms, if at all.

We have entered into several collaborations and/or contingent sale agreements in respect of certain of our assets and subsidiaries, and the acquisition component of these transactions has been consummated. These arrangements include the acquisition of Checkpoint by Sun Pharma, which closed in May 2025, an equity investment and contingent acquisition between Caelum and AstraZeneca, and a development funding and contingent asset purchase between Cyprium and Sentynl. Each of these arrangements has been time-consuming and has diverted management's attention. As a result of these consummated/contingent sales, as with other similar transactions that we may complete, we may experience a reduction in the size or scope of our business, our market share in particular markets, our opportunities with respect to certain markets, products or therapeutic categories or our ability to compete in certain markets and therapeutic categories.

In addition, in connection with any transaction involving a (contingent or non-contingent) sale of one of our subsidiaries, partner companies or their assets, we may surrender our ability to realize long-term value from such asset or company, in the form of foregone product sales, royalties, milestone payments, sublicensing revenue or otherwise, in exchange for upfront and/or other payments. In the event, for instance, that a product candidate underpinning any such asset or company is granted FDA approval for commercialization following the execution of documentation governing the sale by us of such asset or company, the transferee of such asset or company may realize tremendous value from commercializing such product, which we would have realized for ourselves had we not executed such sale transaction and been able to achieve applicable approvals independently.

Should we seek to enter into collaborations or divestitures with respect to other assets or companies, we may be unable to consummate such arrangements on satisfactory or commercially reasonable terms within our anticipated timelines. In addition, our ability to identify, enter into and/or consummate collaborations and/or divestitures may be limited by competition we face from other companies in pursuing similar transactions in the biotechnology and pharmaceutical industries.

Any collaboration or divestiture we pursue, whether we are able to complete it or not, may be complex, time consuming and expensive, may divert from management's attention, may have a negative impact on our customer relationships, cause us to incur costs associated with maintaining the business of the targeted collaboration or divestiture during the transaction process and also to incur costs of closing and disposing the affected business or transferring the operations of the business to other facilities. In addition, if such transactions are not completed for any reason, the market price of our Common Stock may reflect a market assumption that such transactions will occur, and a failure to complete such transactions could result in a negative perception by the market of us generally and a decline in the market price of our Securities.

We act, and are likely to continue acting, as guarantor and/or indemnitor of the obligations, actions or inactions of certain of our subsidiaries and partner companies. We have also entered into, and may again enter into, certain arrangements with our subsidiaries, partner companies and/or third parties pursuant to which a substantial number of shares of our capital stock may be issued. Depending on the terms of such arrangements, we may be contractually obligated to pay substantial amounts to third parties, or issue a substantially dilutive number of shares of our capital stock, based on the actions or inactions of our subsidiaries and/or partner companies, regulatory agencies or other third parties.

We act, and are likely to continue acting, as indemnitor of potential losses or liabilities that may be experienced by one or more of our subsidiaries, partner companies and/or their partners or investors. If we become obligated to pay all or a portion of such indemnification amounts, our business and the market value of our Common Stock, Preferred Stock and/or debt securities may be materially adversely affected.

Additionally, we have agreed in the past, and may agree in the future, to act as guarantor in connection with equity or debt raises by our partner companies, pursuant to which we may become obligated either to pay what could be a significant amount of cash or issue what could be a significant number of shares of Common Stock or Preferred Stock if certain events occur or do not occur, which could lead to a depletion of resources or dilution to our Common Stock, or both.

Our future growth depends in part on our ability to identify and acquire or in-license products and product candidates, and if we are unable to do so, or to integrate acquired products into our operations, we may have limited growth opportunities.

An important part of our business strategy is to continue to develop a pipeline of product candidates by acquiring or in-licensing products, businesses or technologies. Future in-licenses or acquisitions, however, may entail numerous operational and financial risks, including, but not necessarily limited to:

- exposure to unknown liabilities;
- disruption of our business and diversion of our management's time and attention to develop acquired products or technologies;
- difficulty or inability to secure financing to fund development activities for such acquired or in-licensed technologies in the current economic environment;
- incurrence of substantial debt or dilutive issuances of securities to pay for acquisitions;
- higher than expected acquisition and integration costs;
- increased amortization expenses;
- difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and

- inability to retain key employees of any acquired businesses.

We have limited resources to identify and execute the acquisition or in-licensing of third-party products, businesses and technologies and integrate them into our current infrastructure. In particular, we may compete with larger biopharmaceutical companies and other competitors in our efforts to establish new collaborations and in-licensing opportunities. These competitors may have access to greater financial resources than us and/or may have greater expertise in identifying and evaluating new opportunities. Moreover, we may devote resources to potential acquisitions or in-licensing opportunities that are never completed, or we may fail to realize the anticipated benefits of such efforts.

Certain of our officers and directors serve in similar roles at our partner companies, subsidiaries, related parties and/or other entities with which we transact business or in which we hold significant minority ownership positions, which could result in conflicts of interests relating to ongoing and future relationships and transactions with these parties.

We share directors and/or officers with certain of our subsidiaries, partner companies, related parties and other entities with which we transact business or in which we hold significant minority ownership positions, and such arrangements could create conflicts of interest in the future, including with respect to the allocation of corporate opportunities. While we believe that we have put in place policies and procedures to identify and mitigate such conflicts, and that any existing agreements that may give rise to such conflicts and any such policies or procedures were negotiated at arm's length in conformity with fiduciary duties, such conflicts of interest, or the appearance of conflict of interest, may nonetheless arise. The existence and consequences of such potential or perceived conflicts could expose us to lost profits, claims by our investors and creditors, and harm to our financial condition, cash flows and/or results of operations.

Certain of our executives, directors and principal stockholders, whose interests may be adverse to those of our other stockholders, can control our direction and policies.

Certain of our executive officers, directors and stockholders own nearly or more than 10% of our outstanding Common Stock and, together with their affiliates and related persons, beneficially own a significant percentage of our capital stock. If these stockholders were to choose to act together, they would be able to influence our management and affairs and the outcome of matters submitted to our stockholders for approval, including the election of directors and any sale, merger, consolidation, or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire. In addition, this concentration of ownership might adversely affect the market price of our Common Stock by:

- delaying, deferring or preventing a change of control of us;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

If we acquire, enter into joint ventures with or obtain a controlling interest in, companies in the future, our financial condition, operating results and the value of our Securities may be adversely affected, thereby diluting stockholder value, disrupting our business and/or diminishing the value of our holdings in our partner companies.

As part of our growth strategy, we might acquire, enter into joint ventures with, or obtain significant ownership stakes in other companies. Acquisitions of, joint ventures with and investments in other companies involve numerous risks, including, but not necessarily limited to:

- risk of entering new markets in which we have little to no experience;
- diversion of financial and managerial resources from existing operations;
- successfully negotiating a proposed acquisition or investment timely and at a price or on terms and conditions favorable to us;

- the impact of regulatory reviews on a proposed acquisition or investment;
- the outcome of any legal proceedings that may be instituted with respect to the proposed acquisitions or investment;
- with respect to an acquisition, difficulties in integrating operations, technologies, services and personnel; and
- potential inability to maintain relationships with customers of the companies we may acquire or invest in.

If we fail to properly evaluate potential acquisitions, joint ventures or other transaction opportunities, we might not achieve the anticipated benefits of any such transaction, we might incur higher costs than anticipated, and management resources and attention might be diverted from other necessary or valuable activities.

Our results of operations could be adversely affected by economic and political conditions and the effects of these conditions on our business activities.

Any terrorist attack, other act of violence or war, including military conflicts, could result in increased volatility in, or damage to, the worldwide financial markets and economy. This includes Russia's February 2022 invasion of Ukraine, military conflict in the Middle East, attacks by armed groups on cargo ships in the Red Sea, and tensions across the Taiwan Strait. For instance, the United States or other countries may impose sanctions that restrict doing business in the affected countries and increased military conflict may affect third-party vendors and cause delays.

This risk may be magnified in the case of the recent and ongoing military conflicts between the United States and Iran, Israel and Hamas and Hezbollah and Russia and Ukraine. These conflicts may disrupt our partner companies' ability to conduct clinical trials in a number of areas of the world, and accordingly, certain clinical trial sites may be affected. Those clinical trial sites may suspend or terminate trials, and patients could be forced to evacuate or choose to relocate, making them unavailable for initial or further participation in clinical trials. Alternative sites to fully and timely compensate for clinical trial activities in these areas may not be available, and we may need to find other countries to conduct these clinical trials. Clinical trial interruptions may delay our plans for clinical development and approvals for our product candidates, which could increase costs and jeopardize our ability to commence product sales and generate revenues.

Additionally, trade policies and geopolitical disputes and other international conflicts can result in tariffs, sanctions and other measures that restrict international trade, and can materially adversely affect our business, particularly if these measures occur in regions where drug products are manufactured or raw materials are sourced. Under the current presidential administration in the U.S., additional and higher tariffs and sanctions have been imposed on goods imported from China and other countries which could increase the cost of goods needed to commercialize our products and continue development of our current and any future product candidates. Further, such actions by the U.S. could result in retaliatory action by those countries which could impact our ability to profitably commercialize our products in those jurisdictions. As a result, our business, operations, and financial condition could be materially harmed.

Risks Pertaining to Reliance on Third Parties

We rely predominantly on third parties to manufacture the majority of our preclinical and clinical pharmaceutical supplies, and we expect to rely heavily on such third parties and other contractors to produce commercial supplies of our product candidates and products, if approved. Further, we rely solely on third parties to manufacture Journey's commercialized products. Such dependence on third-party suppliers could adversely impact our businesses.

We depend heavily on third party manufacturers for product supply. If our contract manufacturers cannot successfully manufacture material that conforms to applicable specifications and FDA regulatory requirements, we will not be able to secure and/or maintain FDA approval for those products. Our third-party suppliers will be required to maintain compliance with cGMPs and will be subject to inspections by the FDA and comparable agencies and authorities in other jurisdictions to confirm such compliance. In the event that the FDA or such other authorities determine that our third-party suppliers have not complied with cGMPs or comparable regulations, the relevant clinical trials could be terminated or subjected to clinical hold until such time as we are able to obtain appropriate replacement material and/or applicable compliance, and commercial product could be unfit for sale, or if distributed, could be recalled from the market. Any delay, interruption or other issues that arise in the manufacture, testing, packaging, labeling, storage, or distribution of our products as a result of a failure of the facilities or operations of our third-party suppliers to comply with regulatory requirements, pass any regulatory agency inspection or otherwise perform under our agreements with them could significantly impair our ability to develop and commercialize our products and product candidates. In addition, several of our currently commercialized products, sold through our partner company Journey, are produced by a single manufacturer, and, although we closely monitor inventory prophylactically, disruptions to such supply arrangements could adversely affect our ability to meet product demand and therefore diminish revenues. Finally, in light of our partner company Mustang's recent exit from its leased manufacturing facility and reduction in force in April 2024, we may increase our reliance at Mustang on third-party manufacturers or third-party collaborators for the manufacture of commercial supply of one or more product candidates for which our collaborators or we obtain marketing approval. We may be unable to establish any agreements with third-party manufacturers or to do so on acceptable terms, and even if we are able to establish such agreements with third-party manufacturers, reliance entails additional risks.

We also rely on third-party manufacturers to purchase from third-party suppliers the raw materials and equipment necessary to produce product candidates for anticipated clinical trials. There are a small number of suppliers for certain capital equipment and raw materials that are used to manufacture those products. We do not have direct control over the process or timing of the acquisition of these raw materials by our third-party manufacturers. Moreover, we currently do not have any agreements for the commercial production of these raw materials since such agreements are entered into by our third-party manufacturers and their qualified suppliers. Any significant delay in the supply of raw material components related to an ongoing clinical trial could considerably delay completion of our clinical trials, product testing and potential regulatory approval.

We do not expect to have the resources or capacity to engage in our own commercial manufacturing of our product candidates, if they received marketing approval, and would likely continue to be heavily dependent upon third-party manufacturers. Our dependence on third parties to manufacture and supply clinical trial materials, as well as our planned dependence on third party manufacturers for any product candidates that may be approved, may adversely affect our ability to develop and commercialize products in a timely or cost-effective manner, or at all. In addition to the manufacturing and supply functions they provide, third-party manufacturers also play a key role in our efforts to obtain marketing approval for our product candidates, by interacting with, providing important information to, and hosting inspections by, applicable regulatory authorities. If a given contract development and manufacturing organization upon whom we rely in such a capacity is unwilling or unable to perform these activities on our behalf, the successful development and/or approval of the applicable product candidate could be delayed significantly.

In addition, because of the sometimes-limited number of third parties who specialize in the development, manufacture and/or supply of our clinical and preclinical materials, particularly in the development and manufacture of gene therapy products, we are often compelled to accept contractual terms that we deem less than desirable, including without limitation as pertains representations and warranties, supply disruptions/failures, covenants and liability/indemnification. Especially as pertains liability and indemnification provisions, because of the frequent disparities in negotiating leverage, we are often compelled to agree to low caps on counterparty liability and/or indemnification language that could result in outsized liability to us in situations where we have zero or relatively little culpability.

New environmental laws or regulations in the various jurisdictions in which we operate may also impose additional requirements that impact the way our products and product candidates are manufactured or packaged. Complying with such changes could be costly, and a failure to comply in a timely manner could lead to fines, penalties or the inability to pursue our development and commercialization activities in such jurisdictions, materially impacting our business and financial condition.

We rely heavily on third parties for the development and manufacturing of products and product candidates.

To date, we have engaged primarily in intellectual property acquisitions, and evaluative and R&D activities and have not generated any revenues from product sales (except through Journey). We have incurred significant net losses since our inception. As of December 31, 2025 and 2024, we had an accumulated deficit of approximately $734.1 million and $740.9 million, respectively. We may need to rely on third parties for activities critical to the product candidate development process, including but not necessarily limited to:

- identifying and evaluating product candidates;
- negotiating, drafting and entering into licensing and other arrangements with product development partners; and
- continuing to undertake pre-clinical development and designing and executing clinical trials.

We have also not demonstrated the ability to perform the functions necessary for the successful commercialization of any of our development-stage product candidates, should any of them be approved for marketing. If we were to have any such product candidates approved, the successful commercialization of such products would be dependent on us performing or contracting with third parties for performance, of a variety of critical functions, including, but not necessarily limited to:

- advising and participating in regulatory approval processes;
- formulating and manufacturing products for clinical development programs and commercial sale; and
- conducting sales and marketing activities.

Our operations have been limited to acquiring, developing and securing the proprietary rights for, and undertaking pre-clinical development and clinical trials of, product candidates, both at the Fortress level and via our subsidiaries and partner companies. These operations provide a limited basis for our stockholders and prospective investors to assess our ability to develop and commercialize potential product candidates, as well as for you to assess the advisability of investing in our securities.

We rely on third parties to conduct clinical trials. If these third parties do not meet agreed-upon deadlines or otherwise conduct the trials as required, our clinical development programs could be delayed or unsuccessful, and we may not be able to obtain regulatory approval for or commercialize our product candidates when expected or at all.

We rely on third-party contract research organizations and site management organizations to conduct most of our preclinical studies and all of our clinical trials for our product candidates. We expect to continue to rely on third parties, such as contract research organizations, site management organizations, clinical data management organizations, medical institutions and clinical investigators, to conduct some of our preclinical studies and all of our clinical trials. These CROs, investigators, and other third parties will and do play a significant role in the conduct of our trials and the subsequent collection and analysis of data from the clinical trials.

There is no guarantee that any CROs, investigators or other third parties upon which we rely for administration and conduct of our clinical trials will devote adequate time and resources to such trials or perform as contractually required. If any of these third parties fails to meet expected deadlines or fails to adhere to our clinical protocols or otherwise perform in a substandard manner, our clinical trials may be extended, delayed or terminated. If any of the clinical trial sites terminates for any reason, we may lose follow-up information on patients enrolled in our ongoing clinical trials unless the care of those patients is transferred to another qualified clinical trial site. In addition, principal investigators for our clinical trials may serve as scientific advisers or consultants to us from time to time and receive cash and/or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, the integrity of the data generated at the applicable clinical trial site, or the FDA's willingness to accept such data, may be jeopardized.

Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities or potential liability. For example, we will remain responsible for ensuring that each of our preclinical studies and clinical trials are conducted in accordance with the general investigational plan and protocols for the trial and for ensuring that our preclinical studies are conducted in accordance with GLPs as appropriate. Moreover, the FDA requires us to comply with GCPs for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Regulatory authorities enforce these requirements through periodic inspections of trial sponsors, clinical investigators and trial sites. If we or any third party on which we rely fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may refuse to accept such data, or require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials complies with GCP regulations. In addition, our clinical trials must be conducted with products produced under cGMP in strict conformity to cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

We also are required to register certain ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

If any of our relationships with these third-party contract research organizations or site management organizations terminates, we may not be able to enter into arrangements with alternative contract research organizations or site management organizations or to do so on commercially reasonable terms. Switching or adding additional contract research organizations or site management organizations involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new contract research organization or site management organization commences work. As a result, delays could occur, which could compromise our ability to meet our desired development timelines. Though we carefully manage our relationships with our contract research organizations or site management organizations, there can be no assurance that we will not encounter similar challenges or delays in the future.

We rely on clinical and pre-clinical data and results obtained from and by third parties that could ultimately prove to be inaccurate or unreliable.

As part of our strategy to mitigate development risk, we generally intend on developing product candidates with previously validated mechanisms of action and seek to assess potential clinical efficacy early in the development process. This strategy necessarily relies upon clinical and pre-clinical data and other results produced or obtained by third parties, which may ultimately prove to be inaccurate or unreliable. If the third-party data and results we rely upon prove to be inaccurate, unreliable, not acceptable by regulatory authorities or not applicable to our product candidates or acquired products, we could make inaccurate assumptions and conclusions about our current or future product candidates and our research and development efforts could be compromised.

Collaborative relationships with third parties could cause us to expend significant resources and/or incur substantial business risk with no assurance of financial return.

We anticipate substantial reliance on strategic collaborations for marketing and commercializing our existing product candidates, if approved, and we may rely even more on strategic collaborations for R&D of other product candidates. We may sell product offerings through strategic partnerships with pharmaceutical and biotechnology companies. If we are unable to establish or manage such strategic collaborations on terms favorable to us in the future, our revenue and drug development may be limited.

If we enter into R&D collaborations during the early phases of drug development, success will, in part, depend on the performance of research collaborators. We may not directly control the amount or timing of resources devoted by research collaborators to activities related to product candidates. Research collaborators may not commit sufficient resources to our R&D programs. If any research collaborator fails to commit sufficient resources, the preclinical or clinical development programs related to the collaboration could be delayed or terminated. Also, collaborators may pursue existing or other development-stage products or alternative technologies in preference to those being developed in collaboration with us. Finally, if we fail to make required milestone or royalty payments to collaborators or to observe other obligations in agreements with them, the collaborators may have the right to terminate or stop performance of those agreements.

Establishing strategic collaborations is difficult and time-consuming. Our discussions with potential collaborators may not lead to the establishment of collaborations on favorable terms, if at all. Potential collaborators may reject collaboration proposals based upon their assessment of our financial, regulatory or intellectual property positions. Even if we successfully establish new collaborations, these relationships may never result in the successful development or commercialization of product candidates or the generation of sales revenue. To the extent that we enter into collaborative arrangements, the related product revenues that might follow are likely to be lower than if we directly marketed and sold products. Such collaborators may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on, and such collaborations could be more attractive than the one with us for any future product candidate.

Management of our relationships with collaborators will require:

- significant time and effort from our management team;
- coordination of our marketing and R&D programs with the respective marketing and R&D priorities of our collaborators; and
- effective allocation of our resources to multiple projects.

The contractual provisions we may be forced to agree upon in services, manufacturing, supply and other agreements may be inordinately one-sided, vis-à-vis current or historical standard market terms (especially as pertains contractual liability and indemnification paradigms), and as a result we may be subject to liabilities that are not attributable to our own actions or the actions of our personnel.

There is a finite number of service providers who can perform the services or produce the materials or product candidates that we need, and we therefore often have a limited number of options in choosing such service providers. The standard market terms in many of the agreements into which we customarily enter with such service providers are subject to evolution over time, often-times in favor of our counterparties. Also, some such agreements are “adhesion contracts” under which our contractual counterparties refuse to entertain any modifications to their template documentation. One area where service providers often have and exert leverage over us is the negotiation of liability language – specifically in broadly-scoped indemnification by us of service providers and/or the application of liability damages “caps” to certain of such service providers’ indemnification obligations. In any circumstance where we have been compelled to agree to such language, it is conceivable that we will be liable to third parties for liabilities in excess of such caps that are attributable to the actions, forbearances and/or culpability of such service providers and their indemnitees (and not to those of us and our personnel).

Risks Pertaining to Intellectual Property and Potential Disputes with Licensors Thereof

If we are unable to obtain and maintain sufficient patent protection for our technology and products, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.

Our success depends, in large part, on our ability to obtain patent protection for our product candidates and their formulations and uses. The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we will be successful in obtaining patents or what the scope of an issued patent may ultimately be. These risks and uncertainties include, but are not necessarily limited to, the following:

- patent applications may not result in any patents being issued, or the scope of issued patents may not extend to competitive product candidates and their formulations and uses developed or produced by others;

- our competitors, many of which have substantially greater resources than we or our partners do, and many of which have made significant investments in competing technologies, may seek, or may already have obtained, patents that may limit or interfere with our abilities to make, use, and sell potential product candidates, file new patent applications, or may affect any pending patent applications that we may have;

- there may be significant pressure on the U.S. government and other international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful as a matter of public policy regarding worldwide health concerns; and

- countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing products.

In addition, patents that may be issued or in-licensed may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable, or otherwise may not provide any competitive advantage. Moreover, we may be subject to a third-party pre-issuance submission of prior art to the PTO, or become involved in opposition, derivation, reexamination, *inter partes* review, post-grant review or interference proceedings challenging our patent rights or the patent rights of others. The costs of these proceedings could be substantial, and it is possible that our efforts to establish priority of invention would be unsuccessful, resulting in a material adverse effect on our US patent positions. An adverse determination in any such submission, patent office trial, proceeding or litigation could reduce the scope of, render unenforceable, or invalidate, our patent rights, allow third parties to commercialize our technologies or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights.

In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Third parties are often responsible for maintaining patent protection for our product candidates, at our and their expense. If that party fails to appropriately prosecute and maintain patent protection for a product candidate, our abilities to develop and commercialize products may be adversely affected, and we may not be able to prevent competitors from making, using and selling competing products. Such a failure to properly protect intellectual property rights relating to any of our product candidates could have a material adverse effect on our financial condition and results of operations.

In addition, U.S. patent laws may change, which could prevent or limit us from filing patent applications or patent claims to protect products and/or technologies or limit the exclusivity periods that are available to patent holders, as well as affect the validity, enforceability, or scope of issued patents.

We and our licensors also rely on trade secrets and proprietary know-how to protect product candidates. Although we have taken steps to protect our and their trade secrets and unpatented know-how, including entering into confidentiality and non-use agreements with third parties, and proprietary information and invention assignment agreements with employees, consultants and advisers, third parties may still come upon this same or similar information independently. Despite these efforts, any of these parties may also breach the agreements and may unintentionally or willfully disclose our or our licensors' proprietary information, including our trade secrets, and we may not be able to identify such breaches or obtain adequate remedies. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. Moreover, if any of our or our licensors' trade secrets were to be lawfully obtained or independently developed by a competitor, we and our licensors would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our or our licensors' trade secrets were to be disclosed to or independently developed by a competitor, our competitive positions would be harmed.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify any patentable aspects of our research and development output and methodology, and, even if we do, an opportunity to obtain patent protection may have passed. Given the uncertain and time-consuming process of filing patent applications and prosecuting them, it is possible that our product(s) or process(es) originally covered by the scope of the patent application may have changed or been modified, leaving our product(s) or process(es) without patent protection. If our licensors or we fail to obtain or maintain patent protection or trade secret protection for one or more product candidates or any future product candidate we may license or acquire, third parties may be able to leverage our proprietary information and products without risk of infringement, which could impair our ability to compete in the market and adversely affect our ability to generate revenues and achieve profitability. Moreover, should we enter into other collaborations we may be required to consult with or cede control to collaborators regarding the prosecution, maintenance and enforcement of licensed patents. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. In addition, no consistent policy regarding the breadth of claims allowed in pharmaceutical or biotechnology patents has emerged to date in the US. The patent situation outside the US is even more uncertain. The laws of foreign countries may not protect our rights to the same extent as the laws of the US, and we may fail to seek or obtain patent protection in all major markets. For example, European patent law restricts the patentability of methods of treatment of the human body more than US law does. We might also become involved in derivation proceedings in the event that a third party misappropriates one or more of our inventions and files their own patent application directed to such one or more inventions. The costs of these proceedings could be substantial, and it is possible that our efforts to establish priority of invention (or that a third party derived an invention from us) would be unsuccessful, resulting in a material adverse effect on our US patent position. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Our pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the US and other countries may diminish the value of our patents or narrow the scope of our patent protection. For example, the federal courts of the US have taken an increasingly dim view of the patent eligibility of certain subject matter, such as naturally occurring nucleic acid sequences, amino acid sequences and certain methods of utilizing same, which include their detection in a biological sample and diagnostic conclusions arising from their detection.

Such subject matter, which had long been a staple of the biotechnology and biopharmaceutical industry to protect their discoveries, is now considered, with few exceptions, ineligible in the first instance for protection under the patent laws of the US. Accordingly, we cannot predict the breadth of claims that may be allowed and remain enforceable in our patents or in those licensed from a third party.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to United States patent law. These include changes to transition from a "first-to-invent" system to a "first inventor-to-file" system and to the way issued patents are challenged. The formation of the Patent Trial and Appeal Board now provides a less burdensome, quicker and less expensive process for challenging issued patents. The PTO developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first inventor-to-file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition.

Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner.

We also may rely on the regulatory period of market exclusivity for any of our biologic product candidates that are successfully developed and approved for commercialization. Although this period in the United States is generally 12 years from the date of marketing approval (depending on the nature of the specific product), there is a risk that the U.S. Congress could amend laws to significantly shorten this exclusivity period. Once any regulatory period of exclusivity expires, depending on the status of our patent coverage and the nature of the product, we may not be able to prevent others from marketing products that are biosimilar to or interchangeable with our products, which would materially adversely affect our business.

If we or our licensors are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation would have a material adverse effect on our business.

Our success also depends on our ability, and the abilities of any of our respective current or future collaborators, to develop, manufacture, market and sell product candidates without infringing the proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing products, some of which may be directed at claims that overlap with the subject matter of our or our licensors' intellectual property. Because patent applications can take many years to issue, there may be currently pending applications, unknown to us, which may later result in issued patents that our product candidates or proprietary technologies may infringe. Similarly, there may be issued patents relevant to our product candidates of which we or our licensors are not aware. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the US and other jurisdictions are typically not published until 18 months after a first filing, or in some cases not at all. Therefore, we cannot know with certainty whether we or such licensors were the first to make the inventions claimed in patents or pending patent applications that we own or licensed, or that we and our licensors were the first to file for patent protection of such inventions. In the event that a third party has also filed a US patent application relating to our product candidates or a similar invention, depending upon the priority dates claimed by the competing parties, we may have to participate in interference proceedings declared by the PTO to determine priority of invention in the US. The costs of these proceedings could be substantial, and it is possible that our efforts to establish priority of invention would be unsuccessful, resulting in a material adverse effect on our U.S. patent position. As a result, the issuance, scope, validity, enforceability and commercial value of our or any of our licensors' patent rights are highly uncertain.

There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology and biopharmaceutical industries generally. If a third party claims that we or any of our licensors, suppliers or collaborators infringe the third party's intellectual property rights, we may have to, among other things:

- obtain additional licenses, which may not be available on commercially reasonable terms, if at all;

- abandon an infringing product candidate or redesign products or processes to avoid infringement, which may demand substantial funds, time and resources and which may result in inferior or less desirable processes and/or products;

- pay substantial damages, including the possibility of treble damages and attorneys' fees, if a court decides that the product or proprietary technology at issue infringes on or violates the third party's rights;

- pay substantial royalties, fees and/or grant cross-licenses to our product candidates; and/or

- defend litigation or administrative proceedings which may be costly regardless of outcome, and which could result in a substantial diversion of financial and management resources.

We may be involved in lawsuits to protect or enforce our patents or the patents of licensors, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our or our licensors' patents. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. Any claims we assert against accused infringers could provoke these parties to assert counterclaims against us alleging invalidity of our or our licensors' patents or that we infringe their patents; or provoke those parties to petition the PTO to institute *inter partes* review against the asserted patents, which may lead to a finding that all or some of the claims of the patent are invalid. In addition, in a patent infringement proceeding, a court may decide that a patent of ours or our licensor's is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to stop the other party from using the technology at issue on the grounds that our or our licensors' patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated, found to be unenforceable, or interpreted narrowly and could likewise put pending patent applications at risk of not issuing. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

We in-license from third parties a majority of the intellectual property needed to develop and commercialize products and product candidates. As such, any dispute with the licensors or non-performance of such license agreements may adversely affect our ability to develop and commercialize the applicable product candidates.

The patents, patent applications and other intellectual property rights underpinning the vast majority of our existing product candidates were in-licensed from third parties. Under the terms of such license agreements, the licensors generally have the right to terminate such agreements in the event of a material breach. The licenses require us to make annual, milestone or other payments prior to commercialization of any product, and our ability to make these payments depends on the ability to generate cash in the future. These license agreements also generally require the use of diligent and reasonable efforts to develop and commercialize product candidates.

If there is any conflict, dispute, disagreement or issue of non-performance between us or one of our partners, on the one hand, and the respective licensing partner, on the other hand, regarding the rights or obligations under the license agreements, including any conflict, dispute or disagreement arising from a failure to satisfy payment obligations under such agreements, the ability to develop and commercialize the affected product candidate may be adversely affected.

The types of disputes that may arise between us and the third parties from whom we license intellectual property include, but are not necessarily limited to:

- the scope of rights granted under such license agreements and other interpretation-related issues;

- the extent to which our technologies and processes infringe on intellectual property of the licensor that is not subject to such license agreements;

- the scope and interpretation of the representations and warranties made to us by our licensors, including those pertaining to the licensors' right title and interest in the licensed technology and the licensors' right to grant the licenses contemplated by such agreements;
- the sublicensing of patent and other rights under our license agreements and/or collaborative development relationships, and the rights and obligations associated with such sublicensing, including whether or not a given transaction constitutes a sublicense under such license agreement;
- the diligence and development obligations under license agreements (which may include specific diligence milestones) and what activities or achievements satisfy those diligence obligations;
- whether or not the milestones associated with certain milestone payment obligations have been achieved or satisfied;
- the applicability or scope of indemnification claims or obligations under such license agreements;
- the permissibility and advisability of, and strategy regarding, the pursuit of potential third-party infringers of the intellectual property that is the subject of such license agreements;
- the calculation of royalty, milestone, sublicense revenue and other payment obligations under such license agreements;
- the extent to which rights, if any, are retained by licensors under such license agreements;
- whether or not a material breach has occurred under such license agreements and the extent to which such breach, if deemed to have occurred, is or can be cured within applicable cure periods, if any;
- disputes regarding patent filing and prosecution decisions, as well as payment obligations regarding past and ongoing patent expenses;
- intellectual property rights resulting from the joint creation or use of intellectual property (including improvements made to licensed intellectual property) by our and our partners' licensors and us and our partners; and
- the priority of invention of patented technology.

In addition, the agreements under which we currently license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations or may conflict in such a way that puts us in breach of one or more agreements, which would make us susceptible to lengthy and expensive disputes with one or more of such third-party licensing partners. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreements, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates, which could have a material adverse effect on our business, financial conditions, results of operations and prospects.

Risks Pertaining to the Commercialization of Product Candidates, if Approved

If any of our product candidates are successfully developed and receive regulatory approval but do not achieve broad market acceptance among physicians, patients, healthcare payors and the medical community, the revenues that any such product candidates, if approved, generate from sales will be limited.

Even if our product candidates receive regulatory approval, they may not gain market acceptance among physicians, patients, healthcare payors and the medical community. Coverage and reimbursement of our product candidates, if approved by third-party payors, including government payors, generally would also be necessary for commercial success. The degree of market acceptance of any approved products would depend on a number of factors, including, but not necessarily limited to:

- the efficacy and safety as demonstrated in clinical trials;
- the timing of market introduction of such products as well as competitive products;
- the clinical indications for which the product is approved;
- acceptance by physicians, major operators of hospitals and clinics and patients of the product as a safe and effective treatment;
- the potential and perceived advantages of such products over alternative treatments;
- the safety of such products in a broader patient group (i.e., based on actual use);
- the availability, cost and benefits of treatment, in relation to alternative treatments;
- the availability of adequate reimbursement and pricing by third parties and government authorities;
- changes in regulatory requirements by government authorities for such products;
- the product labeling or product insert required by the FDA or regulatory authority in other countries, including any contradictions, warnings, drug interactions, or other precautions;
- changes in the standard of care for the targeted indications for our product candidates or future product candidates, which could reduce the marketing impact of any labeling or marketing claims that we could make following FDA approval;
- relative convenience and ease of administration;
- the prevalence and severity of adverse events;
- the effectiveness of our sales and marketing efforts; and
- unfavorable publicity relating to the product.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors and patients, we may not generate sufficient revenue from these products and in turn we may not become or remain profitable. In addition, our efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources and may never be successful.

Even if approved, any product candidates that we may develop and market may be later withdrawn from the market or subject to promotional limitations.

We may not be able to obtain the desired labeling claims or scheduling classifications necessary or desirable for the promotion of our marketed products (or our product candidates if approved). We may also be required to undertake post-marketing clinical trials. If the results of such post-marketing studies are not satisfactory or if adverse events or other safety issues arise after approval while our products are on the market, the FDA or a comparable regulatory authority in another jurisdiction may withdraw marketing authorization or may condition continued marketing on commitments from us that may be expensive and/or time consuming to complete. In addition, if manufacturing problems occur, regulatory approval may be impacted or withdrawn and reformulation of our products, additional clinical trials, changes in labeling of our products and additional marketing applications may be required. Any reformulation or labeling changes may limit the marketability of such products if approved.

We face potential product liability exposure, and if successful claims are brought against us, we may incur substantial liability for one or more of our product candidates or a future product candidate we may license or acquire and may have to limit their commercialization, if approved.

The use of one or more of our product candidates and any future product candidate we may license or acquire in clinical trials and the sale of any products for which we obtain marketing approval expose us to the risk of product liability claims. For example, we may be sued if any product candidate or product we develop, license, or acquire allegedly causes injury or is found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product candidate or product, negligence, strict liability or a breach of warranties. Product liability claims might be brought against us by consumers, health care providers or others using, administering or selling our products. If we cannot successfully defend ourselves against these claims, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- withdrawal of clinical trial participants;
- suspension or termination of clinical trial sites or entire trial programs;
- decreased demand for any product candidates or products that we may develop, license or acquire;
- initiation of investigations by regulators;
- impairment of our business reputation;
- costs of related litigation;
- substantial monetary awards to patients or other claimants;
- loss of revenues;
- reduced resources of our management to pursue our business strategy; and
- the ability to commercialize our product candidates or future product candidates.

We will obtain limited product liability insurance coverage for all of our upcoming clinical trials. However, our insurance coverage may not reimburse us or may not be sufficient to reimburse us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive, and, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. When needed we intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for one or more of our product candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. On occasion, large judgments have been awarded in class action lawsuits based on drugs that had unanticipated adverse events. A successful product liability claim or series of claims brought against us could cause our stock price to fall and, if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business.

Additionally, we have entered into various agreements under which we indemnify third parties for certain claims relating to product candidates. These indemnification obligations may require us to pay significant sums of money for claims that are covered by these indemnifications.

Any product for which we obtain marketing approval could be subject to restrictions or withdrawal from the market, and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with products, when and if any of them are approved.

Any product for which we obtain marketing approval, along with the authorized manufacturing facilities, processes and equipment, post-approval clinical data, labeling, advertising and promotional activities for such product, will remain subject to ongoing regulatory requirements governing drug or biological products, as well as review by the FDA and comparable regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration requirements, cGMP requirements relating to quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping, and requirements regarding company presentations and interactions with healthcare professionals. Even if we obtain regulatory approval for a product, the approval may be subject to limitations on the indicated uses for which the product may be marketed or subject to conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product.

We also may be subject to state laws and registration requirements covering the distribution of drug products. Later discovery of previously unknown problems with products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in actions such as:

- restrictions on product manufacturing, distribution or use;
- restrictions on the labeling or marketing of a product;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters, untitled letters, or Form 483s;
- recalls or other withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- fines;
- suspension or withdrawal of marketing or regulatory approvals;
- refusal to permit the import or export of products;
- product seizure or detentions;

- injunctions or the imposition of civil or criminal penalties; and
- adverse publicity.

If we or our suppliers, third-party contractors, clinical investigators or collaborators are slow to adapt, or are unable to adapt, to changes in existing regulatory requirements or adoption of new regulatory requirements or policies, we or our collaborators may be subject to the actions listed above, including losing marketing approval for product candidates when and if any of them are approved, resulting in decreased revenue from milestones, product sales or royalties, which would have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Securities to decline.

We will need to obtain FDA approval of any proposed product brand names, and any failure or delay associated with such approval may adversely impact our business.

A pharmaceutical product cannot be marketed in the U.S. or other countries until the relevant governmental authority has completed a rigorous and extensive regulatory review process, including approval of a brand name. Any brand names we intend to use for our product candidates in the U.S. will require approval from the FDA regardless of whether we have secured a formal trademark registration from the PTO. The FDA typically conducts a review of proposed product brand names, including an evaluation of potential for confusion with other product names. The FDA may also object to a product brand name if it believes the name inappropriately implies medical claims. If the FDA objects to any of our proposed product brand names, we may be required to adopt an alternative brand name for our product candidates. If we adopt an alternative brand name, we could lose the benefit of our existing trademark applications for such product candidate and may be required to expend significant additional resources in an effort to identify a suitable product brand name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA. We may be unable to build a successful brand identity for a new trademark in a timely manner or at all, which would limit our ability to commercialize our product candidates.

Risks Pertaining to Legislation and Regulation Affecting the Biopharmaceutical and Other Industries

Our current and future relationships with customers and third-party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors in the U.S. and elsewhere play a primary role in the recommendation and prescription of our product candidates for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act, which may constrain the business or financial arrangements and relationships through which we sell, market and distribute any product candidates for which we obtain marketing approval. In addition, we may be subject to transparency laws and patient privacy regulation by the federal and state governments and by governments in foreign jurisdictions in which we conduct our business. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include, but are not necessarily limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs, such as Medicare and Medicaid;

- federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, which impose criminal and civil penalties, including civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, including the Medicare and Medicaid programs, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government; the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose obligations on covered healthcare providers, health plans, and healthcare clearinghouses, as well as their business associates that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

- the federal Open Payments program, which requires manufacturers of certain drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to "payments or other transfers of value" made to "covered recipients," which include physicians (defined to include doctors, dentists, optometrists, podiatrists, chiropractors, physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, certified nurse-midwives and teaching hospitals) and applicable manufacturers. Applicable group purchasing organizations also are required to report annually to CMS the ownership and investment interests held by the physicians and their immediate family members. The SUPPORT for Patients and Communities Act added to the definition of covered recipient practitioners including physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists and certified nurse-midwives effective in 2022;

- U.S. Foreign Corrupt Practices Act, or FCPA, which prohibit us and third parties working on our behalf from making payments to foreign government officials to assist in obtaining or retaining business. Specifically, the anti- bribery provisions of the FCPA prohibit the willful use of the mails or any means of instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person; enforcement actions may be brought by the Department of Justice or the SEC; legislation has expanded the SEC's power to seek disgorgement in all FCPA cases filed in federal court and extended the statute of limitations in SEC enforcement actions in intent-based claims, such as those under the FCPA, from five years to ten years; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state and foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations, which could have a material adverse effect on our businesses. If any of the physicians or other healthcare providers or entities with whom we expect to do business, including our collaborators, is found not to be in compliance with applicable laws, it may be subject to criminal, civil or administrative sanctions, including exclusions from participation in government healthcare programs, which could also materially affect our businesses.

As we continue to execute our growth strategy, we may be subject to further government regulation which could adversely affect our financial results, including without limitation the Investment Company Act of 1940.

If we engage in business combinations and other transactions that result in holding minority or non-control investment interests in a number of entities, we may become subject to regulation under the Investment Company Act of 1940, as amended (the "Investment Company Act"). If we do become subject to the Investment Company Act, we would be required to register as an investment company and could be expected to incur significant registration and compliance costs in the future.

Recent U.S. Supreme Court decisions could create uncertainty in the life sciences space that could negatively impact our business.

Three decisions from the U.S. Supreme Court in July 2024 may lead to an increase in litigation against regulatory agencies that could create uncertainty and thus negatively impact our business. The first decision overturned established precedent that required courts to defer to regulatory agencies' interpretations of ambiguous statutory language. The second decision overturned regulatory agencies' ability to impose civil penalties in administrative proceedings. The third decision extended the statute of limitations within which entities may challenge agency actions. These cases may result in increased litigation by industry against regulatory agencies and impact how such agencies choose to pursue enforcement and compliance actions. However, the specific, lasting effects of these decisions, which may vary within different judicial districts and circuits, is unknown. We also cannot predict the extent to which FDA and SEC regulations, policies, and decisions may become subject to increasing legal challenges, delays, and changes.

General and Other Risks

Our business and operations would suffer in the event of computer system failures, cyber-attacks, or deficiencies in our or third parties' cybersecurity.

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. In the ordinary course of business, we collect, store, and transmit confidential information, including, but not limited to, information related to our intellectual property and proprietary business information, personal information, and other confidential information. It is critical that we maintain such confidential information in a manner that preserves its confidentiality, availability and integrity. Furthermore, we have outsourced elements of our operations to third party vendors, who each have access to our confidential information, which increases our disclosure risk.

We are in the process of implementing our internal security and business continuity measures and developing our information technology infrastructure. Our internal computer systems and those of current and future third parties on which we rely may fail and are vulnerable to damage from computer viruses and unauthorized access. Our information technology and other internal infrastructure systems, including corporate firewalls, servers, third-party software, data center facilities, lab equipment, and connection to the internet, face the risk of breakdown or other damage or interruption from service interruptions, system malfunctions, natural disasters, terrorism, war, and telecommunication and electrical failures, as well as security breaches from inadvertent or intentional actions by our employees, contractors, consultants, business partners, and/or other third parties, or from cyber-attacks by malicious third parties (including the deployment of harmful malware and other malicious code, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information), each of which could compromise our system infrastructure or lead to the loss, destruction, alteration, disclosure, or dissemination of, or damage or unauthorized access to, our data or data that is processed or maintained on our behalf, or other assets.

If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, and could result in financial, legal, business, and reputational harm to us. For example, in 2021, our partner company Journey was the victim of a cybersecurity incident that affected its accounts payable function and led to approximately $9.5 million in wire transfers being misdirected to fraudulent accounts. The details of the incident and its origin were investigated with the assistance of third-party cybersecurity experts working at the direction of legal counsel. The matter was reported to the Federal Bureau of Investigation and does not appear to have compromised any personally identifiable information or protected health information. The federal government was able to trace and seize the fraudulently transferred cryptocurrency associated with the breach. On September 19, 2024, the United States District Court Southern District of New York through the United States Marshalls notified the Company that it has recovered and would be returning to the Company a portion of the misappropriated cash, and in December of 2024 Journey received $4.6 million in connection with the recovery of funds related to the cybersecurity incident.

In addition, the loss or corruption of, or other damage to, clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third parties for the manufacture of our drug candidates or any future drug candidates and to conduct clinical trials, and similar events relating to their systems and operations could also have a material adverse effect on our business and lead to regulatory agency actions. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. Sophisticated cyber attackers (including foreign adversaries engaged in industrial espionage) are skilled at adapting to existing security technology and developing new methods of gaining access to organizations' sensitive business data, which could result in the loss of proprietary information, including trade secrets. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations, or hostile foreign governments or agencies.

Any security breach or other event leading to the loss or damage to, or unauthorized access, use, alteration, disclosure, or dissemination of, personal information, including personal information regarding clinical trial subjects, contractors, directors, or employees, our intellectual property, proprietary business information, or other confidential or proprietary information, could directly harm our reputation, enable competitors to compete with us more effectively, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, or otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information. Each of the foregoing could result in significant legal and financial exposure and reputational damage that could adversely affect our business. Notifications and follow-up actions related to a security incident could impact our reputation or cause us to incur substantial costs, including legal and remediation costs, in connection with these measures and otherwise in connection with any actual or suspected security breach. We expect to incur significant costs in an effort to detect and prevent security incidents and otherwise implement our internal security and business continuity measures, and actual, potential, or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. We may face increased costs and find it necessary or appropriate to expend substantial resources in the event of an actual or perceived security breach.

The costs related to significant security breaches or disruptions could be material, and our insurance policies may not be adequate to compensate us for the potential losses arising from any such disruption in, or failure or security breach of, our systems or third-party systems where information important to our business operations or commercial development is stored or processed. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and could have high deductibles in any event, and defending a suit, regardless of its merit, could be costly and divert management attention. Furthermore, if the information technology systems of our third-party vendors and other contractors and consultants become subject to disruptions or security breaches, we may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

We may not be able to hire or retain key officers or employees needed to implement our business strategy and develop products and businesses.

Our success depends on the continued contributions of our executive officers, financial, scientific, and technical personnel and consultants, and on our ability to attract additional personnel as we continue to implement growth strategies and acquire and invest in companies with varied businesses. During our operating history, many essential responsibilities have been assigned to a relatively small number of individuals. However, as we continue to implement our growth strategy, the demands on our key employees will expand, and we will need to recruit additional qualified employees. The competition for such qualified personnel is intense, and the loss of services of certain key personnel, or our inability to attract additional personnel to fill critical positions, could adversely affect our business.

We currently depend heavily upon the efforts and abilities of our management team and the management teams of our partners. The loss or unavailability of the services of any of these individuals could have a material adverse effect on our business, prospects, financial condition and results. In addition, we have not obtained, do not own, and are not the beneficiary of key-person life insurance for any of our key personnel. We only maintain a limited amount of directors' and officers' liability insurance coverage. There can be no assurance that this coverage will be sufficient to cover the costs of the events that may occur, in which case, there could be a substantial impact on our ability to continue operations.

Our employees, consultants, or third-party partners may engage in misconduct or other improper activities, including but not necessarily limited to noncompliance with regulatory standards and requirements or internal procedures, policies or agreements to which such employees, consultants and partners are subject, any of which could have a material adverse effect on our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees, consultants, or third-party partners could include intentional failures to comply with FDA regulations, provide accurate information to the FDA, comply with cGMPs, comply with federal and state healthcare fraud and abuse laws and regulations, report financial information or data accurately, comply with internal procedures, policies or agreements to which such employees, consultants or partners are subject, or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee, consultant, or third-party misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation, as well as civil and criminal liability. The precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant fines or other civil and/or criminal sanctions.

We receive a large amount of proprietary information from potential or existing licensors of intellectual property and potential acquisition target companies, all pursuant to confidentiality agreements. The confidentiality and proprietary invention assignment agreements that we have in place with each of our employees and consultants prohibit the unauthorized disclosure of such information, but such employees or consultants may nonetheless disclose such information through negligence or willful misconduct. Any such unauthorized disclosures could subject us to monetary damages and/or injunctive or equitable relief. The notes, analyses and memoranda that we have generated based on such information are also valuable to our businesses, and the unauthorized disclosure or misappropriation of such materials by our employees and consultants could significantly harm our strategic initiatives – especially if such disclosures are made to our competitor companies.

We may be subject to claims that our employees and/or consultants have wrongfully used or disclosed to us alleged trade secrets of their former employers or other clients.

As is common in the biopharmaceutical industry, we rely on employees and consultants to assist in the development of product candidates, many of whom were previously employed at, or may have previously been or are currently providing consulting services to, other biopharmaceutical companies, including our competitors or potential competitors. We may become subject to claims related to whether these individuals have inadvertently or otherwise used, disclosed or misappropriated trade secrets or other proprietary information of their former employers or their former or current clients. Litigation may be necessary to defend against these claims. Even if we are successful in defending these claims, litigation could result in substantial costs and be a distraction to management and/or the employees or consultants that are implicated.

The market price of our securities may be volatile and may fluctuate in a way that is disproportionate to our operating performance.

The stock prices of our securities may experience substantial volatility as a result of a number of factors, including, but not necessarily limited to:

- announcements we make regarding our current product candidates, acquisition of potential new product candidates and companies and/or in-licensing through multiple partners/affiliates;
- sales or potential sales of substantial amounts of our Common Stock;
- issuance of debt or other securities;

- our delay or failure in initiating or completing pre-clinical or clinical trials or unsatisfactory results of any of these trials;
- announcements about us or about our competitors, including clinical trial results, regulatory approvals or new product introductions;
- developments concerning our licensors and/or product manufacturers;
- litigation and other developments relating to our patents or other proprietary rights or those of our competitors;
- conditions in the pharmaceutical or biotechnology industries;
- governmental regulation and legislation;
- unstable regional political and economic conditions;
- variations in our anticipated or actual operating results; and
- change in securities analysts' estimates of our performance, or our failure to meet analysts' expectations.

Many of these factors are beyond our control. The stock markets in general, and the market for pharmaceutical and biotechnological companies in particular, have historically experienced extreme price and volume fluctuations. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. These broad market and industry factors could reduce the market prices of our securities, regardless of our actual operating performance.

Sales or other issuances of a substantial number of shares of our Common Stock, or the perception that such sales or issuances may occur, may adversely impact the price of our Common Stock.

Almost all of our outstanding shares of our Common Stock, inclusive of outstanding equity awards, are available for sale in the public market, either pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), or an effective registration statement. Any sale of a substantial number of shares of our Common Stock or our Series A Preferred Stock could cause a drop in the trading price of our Common Stock or Series A Preferred Stock on the Nasdaq Stock Market.

We may not be able to manage our anticipated growth, which may in turn adversely impact our business.

We will need to continue to expend capital on improving our infrastructure to address our anticipated growth. Acquisitions of companies or products could place a strain on our management, and administrative, operational and financial systems. In addition, we may need to hire, train, and manage more employees, focusing on their integration with us and corporate culture. Integration and management issues associated with increased acquisitions may require a disproportionate amount of our management's time and attention and distract our management from other activities related to running our business.

A catastrophic disaster could damage our facilities beyond insurance limits or cause us to lose key data, which could cause us to curtail or cease operations.

We are vulnerable to damage and/or loss of vital data from natural disasters, such as earthquakes, tornadoes, power loss, fire, health epidemics and pandemics, floods and similar events, as well as from accidental loss or destruction. If any disaster were to occur, our ability to operate our businesses could be seriously impaired. We have property, liability and business interruption insurance that may not be adequate to cover losses resulting from disasters or other similar significant business interruptions, and we do not plan to purchase additional insurance to cover such losses due to the cost of obtaining such coverage. Any significant losses that are not recoverable under our insurance policies could seriously impair our business, financial condition and prospects.

Any of the aforementioned circumstances may also impede our employees' and consultants' abilities to provide services in-person and/or in a timely manner; hinder our ability to raise funds to finance our operations on favorable terms or at all; and trigger effectiveness of "force majeure" clauses under agreements with respect to which we receive goods and services, or under which we are obligated to achieve developmental milestones on certain timeframes. Disputes with third parties over the applicability of such "force majeure" clauses, or the enforceability of developmental milestones and related extension mechanisms in light of such business interruptions, may arise and may become expensive and time-consuming.

Our ability to use our pre-change NOLs and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation.

We may, from time to time, carry net operating loss carryforwards ("NOLs") as deferred tax assets on our balance sheet. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change" (generally defined as a greater than 50-percentage- point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period), the corporation's ability to use all of its pre-change NOLs and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. We may experience ownership changes in the future as a result of shifts in our stock ownership, some of which changes are outside our control. As a result, our ability to use our pre-change NOLs and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could harm our business.

We, and/or third parties on our behalf, may use hazardous materials, including chemicals and biological agents and compounds that could be dangerous to human health and safety or the environment. Our operations may also produce hazardous waste products. Federal, state and local laws and regulations govern the use, generation, manufacture, storage, handling and disposal of these materials and wastes. Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our product development efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. We do not carry specific biological or hazardous waste insurance coverage, and our property and casualty and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be held liable for damages or penalized with fines in an amount exceeding our respective resources, and clinical trials or regulatory approvals could be suspended.

Although we maintain workers' compensation insurance to cover costs and expenses incurred due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted in connection with the storage or disposal of biological or hazardous materials.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations, including climate-related initiatives. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

The use of artificial intelligence in the healthcare industry and challenges with properly managing its use could adversely affect our business.

We may incorporate artificial intelligence ("AI") solutions into our business, and applications of AI may become important in our operations over time. Our competitors or other third parties may incorporate AI into their businesses more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. There are also significant risks involved in developing and deploying AI, and there can be no assurance that the usage of AI will enhance our products or the development of our product candidates or be beneficial to our business, including our efficiency or profitability. For example, any AI-related efforts, particularly those related to generative AI, could subject us to risks related to harmful content, inaccuracies, bias, discrimination, intellectual property infringement or misappropriation, defamation, data privacy, cybersecurity, and sanctions and export controls, among others. It is also uncertain how various laws will apply to content generated by AI. We are subject to the risks of new or enhanced governmental or regulatory scrutiny, litigation, or other legal liability, ethical concerns, negative consumer perceptions as to automation and AI, or other complications that could adversely affect our business, reputation, or financial results.

AI's rapid development is the subject of evolving review by various U.S. governmental and regulatory agencies, and other foreign jurisdictions are applying, or are considering applying, their intellectual property, cybersecurity, data protection and other laws to AI, and/or are considering general legal frameworks on AI. We may not be able to timely comply with these frameworks and, if such regulatory actions are contrary to our use of AI, would require us to expend our limited resources to adjust our use accordingly.

Changes in funding for the FDA and other government agencies could hinder their ability to hire and retain key leadership and other personnel, or otherwise prevent new products and services from being developed or commercialized in a timely manner, which could negatively impact our business or the business of our partners.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel, ability to accept the payment of user fees, and statutory, regulatory, and policy changes. Average review times at the agency have fluctuated in recent years as a result and staffing cuts effected at the FDA in early 2025 may significantly delay or prevent marketing approval. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. We do not know what impact any changes by the current presidential administration will have on our business or the business of our partners.

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business or the business of our partners. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough nonessential FDA employees and stop routine activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

If the timing of FDA's review and approval of new products is delayed, the timing of our or our partners' development process may be delayed, which could result in delayed milestone revenues and materially harm our operations or business.

We will continue to incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives. Also, if we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, investors' views of us and, as a result, the value of our Securities.

As a public company, we incur significant legal, accounting and other expenses under the Sarbanes-Oxley Act ("SOX"), as well as rules subsequently implemented by the SEC, and the rules of the Nasdaq Stock Exchange. These rules impose various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and appropriate corporate governance practices. Our management and other personnel have devoted and will continue to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

SOX requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. As a result, we are required to periodically perform an evaluation of our internal controls over financial reporting to allow management to report on the effectiveness of those controls, as required by Section 404 of SOX. These efforts to comply with Section 404 and related regulations have required, and continue to require, the commitment of significant financial and managerial resources. While we anticipate maintaining the integrity of our internal controls over financial reporting and all other aspects of Section 404, we cannot be certain that a material weakness will not be identified when we test the effectiveness of our control systems in the future. If a material weakness is identified, we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources, costly litigation or a loss of public confidence in our internal controls, which could have an adverse effect on the market price of our stock.

Provisions in our certificate of incorporation, our bylaws and Delaware law might discourage, delay or prevent a change in control of our Company or changes in our management and, therefore, depress the trading price of our Common Stock or other Securities.

Provisions of our certificate of incorporation, our bylaws and Delaware law may have the effect of deterring unsolicited takeovers and/or delaying or preventing a change in control of our Company or changes in our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then-current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. These provisions include:

- the inability of stockholders to call special meetings; and
- the ability of our Board of Directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could include the right to approve an acquisition or other change in our control or could be used to institute a rights plan, also known as a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our Board of Directors.

In addition, the Delaware General Corporation Law prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our Common Stock. They could also deter potential acquirers of our Company, thereby reducing the likelihood that you would receive a premium for your ownership of our Securities through an acquisition.

If we fail to comply with the continuing listing standards of Nasdaq, our Common Stock could be delisted from the exchange.

We have previously failed to satisfy certain continued listing rules of the Nasdaq, including rules requiring that the minimum trading price of our Common Stock not close below $1.00 per share for 30 consecutive business days. If we again are unable to meet the continued listing requirements, our Common Stock and Preferred Stock may be subject to delisting from The Nasdaq Capital Market if we are unable to regain compliance with such rules. The delisting of our Securities from the Nasdaq may decrease the market liquidity and market price of our Common Stock and Preferred Stock.

Changes in tax laws or regulations that are applied adversely to us may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. For example, the United States recently passed the Inflation Reduction Act, which provides for a minimum tax equal to 15% of the adjusted financial statement income of certain large corporations, as well as a 1% excise tax on certain share buybacks by public corporations that would be imposed on such corporations. In addition, it is uncertain if and to what extent various states will conform to newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

Fluctuations in interest rates may negatively impact the rate of return that we realize on the investment securities that we hold.

We customarily invest a significant portion of our cash in Insured Cash Sweeps ("ICS") and/or Certificate of Deposit Account Registry Service ("CDARS") accounts, each of which bears interest income to us that fluctuates according to adjustments in the target federal funds rate effected by the U.S. Federal Reserve's Federal Open Market Committee ("FOMC"). The FOMC recently lowered the target federal funds rate and is anticipated by some to effect further decreases over the coming weeks and months, actions which have decreased, and could further decrease, the amount of interest income that we generate on our ICS, CDARS, and other short-term cash equivalent investment securities that we may hold.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We have established certain processes for identifying, evaluating, and managing material risks from cybersecurity threats as a part of our overall technology management strategy. These processes are designed and reassessed on a periodic basis to help protect our technology assets and operations from internal and external security threats. We also engage with third parties, including consultants, to enhance our security processes.

We have previously engaged and currently engage third parties to assess the effectiveness of our cybersecurity and technology management strategy and continue to seek to implement new, and improve existing, processes regularly to adjust for changes in technology, internal or external threats, business strategy, and regulatory requirements. We, and our third parties, have deployed managed detection and response services to monitor our technology infrastructure and information systems for possible threats. Our technology management strategy also includes ongoing security training and education for employees regarding threats, including their role and responsibility in detecting and responding to such threats.

We review the processes of our third party vendors and consider their ability to adhere to relevant industry practices and maintain adequate technology risk programs. In addition, we maintain cyber and cyber-related crime insurance coverage policies as part of our overall risk management strategy, however, our policies may not be sufficient to cover against all potential future claims, if any.

In the last two fiscal years, we have not identified cybersecurity threats that have materially affected, or are reasonably likely to materially affect, our business, results of operations, or financial condition. Although we proactively attempt to prevent all threats, we are unable to eliminate all risk from cybersecurity threats or provide assurance that we have not experienced an undetected cybersecurity incident. For more information about these risks, please see Item 1A. Risk Factors "Our business and operations would suffer in the event of computer system failures, cyber-attacks, or deficiencies in our or third parties' cybersecurity".

Cybersecurity Governance

While our board of directors is responsible for oversight and risk management in general, our Audit Committee provides oversight of our technology management strategy to ensure that cybersecurity threats and risks are identified, evaluated, and managed. The Audit Committee receives periodic updates from our management team regarding the overall state of our technology management strategy and any relevant risks from cybersecurity threats and cybersecurity incidents.

Our management team is responsible for assessing and managing the material risks from cybersecurity threats and our Chief Financial Officer ("CFO") leads these efforts on behalf of the management team. Our management team members have expertise in information systems, compliance and corporate governance, which we believe are disciplines that are effective in the management of the Company's cybersecurity risk. Our CFO is well-informed on emerging cybersecurity risks and solutions used to mitigate and remediate loss due to cybersecurity incidents and is responsible for our internal cybersecurity programs and oversight of third-party cybersecurity vendors who monitor and execute on the prevention, detection, and mitigation of cybersecurity threats and incidents. Our CFO, as well as our management team, are informed about, and monitor the prevention, mitigation, detection and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response plan, and report to our audit committee and overall board of directors on any appropriate items.

Item 2. Properties

We, and our subsidiaries and partner companies, primarily lease office space and other facilities as set forth in the table below. The only office space owned by us is our office space in Bay Harbor Islands, FL. We believe that our existing facilities are adequate to support our current requirements and that we will be able to obtain suitable additional facilities on commercially reasonable terms if needed.

Company	Location	Type	Square Footage
Fortress	Bay Harbor Islands, FL	Office space	1,600
Fortress	New York, NY[1]	Office space	23,000
Fortress	Waltham, MA	Office space	6,100
Journey	Scottsdale, AZ	Office space	3,801

Note 1: In February 2026, the Company entered into an agreement to sublease the entire space to a subtenant, which agreement will expire in August 2031.

Item 3. Legal Proceedings

To our knowledge, there are no material legal proceedings pending against us, other than routine actions and administrative proceedings, and other actions we have deemed not material and not expected to have, individual or in the aggregate, a material adverse effect on our financial condition, results of operations, or cash flows. In the ordinary course of business, however, the Company may be subject to both insured and uninsured litigation. Suits and claims may be brought against the Company by customers, suppliers, partners and/or third parties (including tort claims for personal injury arising from clinical trials of the Company's product candidates and property damage) alleging deficiencies in performance, breach of contract, negligence and other matters, and seeking resulting alleged damages.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our Common Stock is listed for trading on the Nasdaq Capital Market under the symbol "FBIO."

Market Information for 9.375% Series A Cumulative Redeemable Perpetual Preferred Stock

Our 9.375% Series A Cumulative Redeemable Perpetual Preferred Stock is listed for trading on the Nasdaq Capital Market under the symbol "FBIOP."

Holders of Record

As of March 25, 2025, there were approximately 389 holders of record of our Common Stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

We have never paid cash dividends on our Common Stock and currently intend to retain our future earnings, if any, to fund the development and growth of our business. Dividends on Series A Preferred Stock accrue daily and are cumulative from, and including, the date of original issue and are payable monthly at the rate of 9.375% per annum of its liquidation preference, which is equivalent to $2.34375 per annum per share. In July 2024, the Fortress Board of Directors paused the payment of dividends on the 9.375% Series A Preferred Stock until further notice.

Unregistered Sales of Equity Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 6. Reserved

Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Statements in the following discussion and throughout this report that are not historical in nature are "forward-looking statements." You can identify forward-looking statements by the use of words such as "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," and similar expressions. Although we believe the expectations reflected in these forward-looking statements are reasonable, such statements are inherently subject to risk and we can give no assurances that our expectations will prove to be correct. Actual results could differ from those described in this report because of numerous factors, many of which are beyond our control. These factors include, without limitation, those described under Item 1A "Risk Factors." We undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes. Please see the section of this report titled "Cautionary Note Regarding Forward-Looking Statements" at the beginning of this Form 10-K. As used throughout this filing, (including in the risk factors described in Item 1A), the words "we", "us" and "our" may refer to Fortress Biotech, Inc. individually, to one or more of its subsidiaries and/or partner companies, or to all such entities as a group, as dictated by context.

The following discussion of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the related notes thereto and other financial information appearing elsewhere in this Form 10-K. We undertake no obligation to update any forward-looking statements in the discussion of our financial condition and results of operations to reflect events or circumstances after the date of this report or to reflect actual outcomes.

Fortress Biotech, Inc. ("Fortress" or the "Company") is a biopharmaceutical company focused on acquiring and advancing assets to enhance long-term value for shareholders through product revenue, equity holding and dividend and royalty revenue streams. Fortress works in concert with our extensive network of key opinion leaders to identify and evaluate promising products and product candidates for potential acquisition. We have executed arrangements with some of the world's foremost universities, research institutes and pharmaceutical companies, including City of Hope National Medical Center ("COH" or "City of Hope"), Dana-Farber Cancer Institute, Nationwide Children's Hospital, Columbia University, the University of Pennsylvania, AstraZeneca plc, Dr. Reddy's Laboratories, Ltd. ("DRL"), and Sun Pharmaceutical Industries Limited ("Sun Pharma").

Following the exclusive license or other acquisition of the intellectual property underpinning a product or product candidate, Fortress leverages its business, scientific, regulatory, legal and financial expertise to help its subsidiaries and partner companies achieve their goals. Partner and subsidiary companies then assess a broad range of strategic arrangements to accelerate and provide additional funding to support research and development, including joint ventures, partnerships, out-licensings, sales transactions, and public and private financings. To date, three partner companies are publicly-traded, and four subsidiaries have consummated strategic partnerships with industry leaders AstraZeneca plc as successor-in-interest to Alexion Pharmaceuticals, Inc. ("AstraZeneca"), Sentynl Therapeutics, Inc. ("Sentynl"), Axsome Therapeutics, Inc. ("Axsome"), and Sun Pharma.

Our subsidiaries and partner companies that are pursuing development and/or commercialization of biopharmaceutical products and product candidates are: Journey Medical Corporation (Nasdaq: DERM, "Journey" or "JMC"), Mustang Bio, Inc. (Nasdaq: MBIO, "Mustang"), Avenue Therapeutics, Inc. (OTC: ATXI, "Avenue"), Cellvation, Inc. ("Cellvation"), Cyprium Therapeutics, Inc. ("Cyprium"), Helocyte, Inc. ("Helocyte"), Oncogenuity, Inc. ("Oncogenuity") and Urica Therapeutics, Inc. ("Urica"). Checkpoint Therapeutics, Inc. ("Checkpoint"), previously a partner company of ours, was acquired by Sun Pharma in May 2025. Baergic Bio, Inc. ("Baergic"), previously a subsidiary of Avenue, was acquired by Axsome in November 2025.

Recent Events

Revenue Portfolio

- For the years ended December 31, 2025 and 2024, total net revenue was $63.3 million and $57.7 million, respectively, which includes net product revenue from Journey's commercial portfolio of $61.2 million and $55.1 million, respectively.
- For the year ended December 31, 2025, other revenue included $1.4 million related to Avenue's termination of its license agreement with AnnJi Pharmaceutical Co. Ltd. ("AnnJi"), and $0.6 million related to Journey's supply of Amzeeq to Cutia for commercial use and sales-based royalties on Cutia's net sales of Amzeeq.
- In January 2026, we announced the FDA approval of ZYCUBO (copper histidinate, also known as CUTX-101) for the treatment of Menkes Disease in pediatric patients. Our subsidiary, Cyprium, is eligible to receive commercial milestones and royalties on net sales of ZYCUBO from Sentynl, and was also transferred a Rare Pediatric Disease Priority Review Voucher ("PRV") from Sentynl subsequent to the approval, which was sold for $205 million in gross proceeds.
- Also in January 2026, Sun Pharma announced the commercial availability of UNLOXCYT (cosibelimab-ipdl), for the treatment of advanced cutaneous squamous cell carcinoma ("acSCC") in adults who are not candidates for curative surgery or radiation.
- In the fourth quarter of 2024, we announced the respective FDA approvals of Emrosi (Minocycline Hydrochloride Extended-Release Capsules, 40mg), by Journey; and UNLOXCYT (cosibelimab-ipdl), for acSCC by Checkpoint.

Emrosi* (*Minocycline Hydrochloride Extended-Release Capsules, 40mg, also known as DFD-29, for the treatment of rosacea)

- In November 2024, Journey announced that the FDA approved Emrosi for the treatment of inflammatory lesions of rosacea in adults, and Journey subsequently launched Emrosi in March 2025.
- Emrosi was developed for the treatment of rosacea at our partner company, Journey, in collaboration with DRL.

Commercial and Approved Products

UNLOXCYT™ (cosibelimab-ipdl, anti-PD-L1 antibody)

- In May 2025, our former subsidiary, Checkpoint, was acquired by Sun Pharma for $4.10 per share in cash plus a contingent value right of up to $0.70 per share upon the achievement of EU approval of Checkpoint's principal drug product candidate. Fortress received $28.0 million and is eligible for a 2.5% royalty on net sales of UNLOXCYT as well as up to $4.8 million upon achievement of the contingent value right.
- On December 13, 2024, Checkpoint received approval from the FDA for UNLOXCYT (cosibelimab-ipdl), for the treatment of metastatic or locally advanced cSCC in adults who are not candidates for curative surgery or radiation.
- UNLOXCYT was sourced by Fortress and developed at Checkpoint, which was acquired by Sun Pharma in May 2025.

ZYCUBO (copper histidinate injection for Menkes disease, also referred to as CUTX-101)

- On January 13, 2026, we announced the FDA approved ZYCUBO (copper histidinate, also referred to as CUTX-101) for the treatment of Menkes disease in pediatric patients. A PRV was issued in connection with FDA approval and, pursuant to the transaction with Sentynl, was transferred to Cyprium. On February 22, 2026, Cyprium entered into a definitive asset purchase agreement pursuant to which Cyprium agreed to sell the PRV for $205 million, which was paid upon the closing of the sale as announced on March 30, 2026.
- Previously, in October 2025, Cyprium announced that the FDA had issued a CRL to Sentynl for CUTX-101 (copper histidinate for Menkes disease). The CRL noted cGMP deficiencies had been observed at the facility where CUTX-101 is manufactured and did not cite any other approvability concerns, nor did it identify any deficiencies in CUTX-101's efficacy and safety data. In December 2025, we announced the FDA accepted the resubmission of the NDA for CUTX-101 as a Class 1 resubmission with a new PDUFA target action date of January 14, 2026.
- In December 2023, Cyprium completed the asset transfer of CUTX-101 to Sentynl. Sentynl is obligated under the applicable agreement to use commercially reasonable efforts to develop and commercialize CUTX-101. Additionally, Cyprium is eligible to receive up to $128 million in aggregate sales milestones and royalties on net sales of ZYCUBO ranging from 3% to 12.5% on tiered annual net sales.
- CUTX-101 was sourced by Fortress and was developed by Cyprium until the asset transfer in December 2023.

Late Stage Product Candidates

CAEL-101 (light chain fibril-reactive monoclonal antibody for AL amyloidosis)

- On October 5, 2021, AstraZeneca acquired Caelum Biosciences, Inc. ("Caelum"), a former subsidiary of Fortress for an upfront payment of approximately $135 million paid to Caelum shareholders, of which approximately $56.9 million was paid to Fortress. The agreement also provides for additional potential payments to Caelum shareholders totaling up to $295 million, payable upon the achievement of regulatory and commercial milestones. Fortress is eligible to receive 42.4% of all potential milestone payments, which, together with the upfront payment, would total up to approximately $182 million.
- There are two ongoing global Phase 3 pivotal studies of CAEL-101 (also known as anselamimab) for Mayo Stage IIIa and Mayo Stage IIIb amyloid light-chain amyloidosis ("AL amyloidosis"), known as Cardiac Amyloid Reaching for Extended Survival ("CARES") (ClinicalTrials.gov identifiers: NCT04512235 and NCT04504825).
- On July 16, 2025, AstraZeneca announced an update from its Cardiac Amyloid Reaching for the CARES Phase 3 clinical program showing that anselamimab did not achieve statistical significance for the primary endpoint compared to placebo in patients with Mayo stages IIIa and IIIb AL amyloidosis. The primary endpoint was defined as a hierarchical combination of time to all-cause mortality ("ACM") and frequency of cardiovascular hospitalizations ("CVH"). All patients in the clinical program received background standard of care for plasma cell dyscrasia. AstraZeneca stated that anselamimab showed highly clinically meaningful improvement in time to ACM and frequency of CVH in a prespecified subgroup of patients, compared to placebo (although AstraZeneca did not further characterize this subgroup). AstraZeneca also reported that anselamimab was well tolerated, with the majority of events balanced between the anselamimab treatment arm and the placebo arm. AstraZeneca indicated that the company plans to submit the pre-specified subgroup analysis from the CARES trials with regulatory authorities. In January 2026, the European Medicines Agency ("EMA") disclosed that an approval application for anselamimab for the treatment of adult patients with kappa light chain amyloidosis was being reviewed.
- CAEL-101 was sourced by Fortress and was developed by Caelum (founded by Fortress) until the acquisition by AstraZeneca of Caelum in October 2021.

Dotinurad (urate transporter (URAT1) inhibitor for gout)

- In October 2025, Urica announced that Crystalys Therapeutics, Inc. ("Crystalys"), in which Urica maintains an equity position, announced a $205 million Series A financing to support the advancement of global Phase 3 clinical studies evaluating dotinurad for the treatment of gout.

- Also in October 2025, Urica announced the first patients were dosed in two randomized, double-blind, multicenter global Phase 3 trials, (ClinicalTrials.gov identifiers: the RUBY study (NCT07089875) and the TOPAZ study (NCT07089888)) evaluating dotinurad, a next-generation, once daily oral, URAT1 inhibitor with potential for best-in-class safety and efficacy for the treatment of gout.
- In July 2024, Urica entered into an asset purchase agreement, royalty agreement, and related agreements (collectively, the "Transaction Documents") with Crystalys. Crystalys is a Delaware corporation founded in 2023 and seeded by leading life sciences institutional investors. Under the Transaction Documents, Urica transferred substantially all intellectual property rights in dotinurad to Crystalys. In return, Crystalys issued to Urica shares of its common stock, including certain anti-dilution provisions through the raise of $150 million in equity securities, and also granted Urica a secured 3% royalty on future net sales of dotinurad.
- Dotinurad was approved in Japan in 2020 has also obtained regulatory approval in China, Philippines and Thailand.
- Dotinurad was sourced by Fortress and was in development at our Urica subsidiary until being acquired by Crystalys in July 2024.

Triplex (cytomegalovirus vaccine and immunotherapy)

- Triplex, a potential vaccine and immunotherapy for prevention and control of cytomegalovirus ("CMV"), is currently being studied in a Phase 2 clinical trial for adults co-infected with HIV and CMV that is now fully enrolled with topline data anticipated in the first half of 2026. The study aims to show that vaccination with Triplex can safely elicit a CMV-specific immune response and reduce asymptomatic CMV replication in a population of people with HIV on suppressive antiretroviral therapy. The study will also evaluate whether this intervention might reduce chronic inflammation and immune activation, as compared to placebo, and thus, potentially reduce related mortality and morbidity (NCT05099965).
- In January 2025, we announced that the first patient was dosed in a multi-center, placebo-controlled, randomized Phase 2 clinical trial to evaluate Triplex when administered to human leukocyte antigen ("HLA") matched related stem cell donors to reduce CMV events in patients undergoing hematopoietic stem cell transplantation ("HSCT"). The trial is funded by a grant from the National Cancer Institute ("NCI") (NCT06059391).
- Triplex is currently also the subject of multiple other ongoing clinical trials, including: a Phase 1/2 trial for CMV control in pediatric recipients of HSCT (NCT03354728); a Phase 1 trial of Triplex in combination with a bi-specific CMV/CD19 CAR T cell therapy for the treatment of non-Hodgkin lymphoma (NCT05432635); a Phase 2 trial for safety and effectiveness in reducing CMV complications in patients previously infected with CMV and undergoing donor hematopoietic cell transplant (NCT02506933); a Phase 1 trial of Triplex in combination with CAR T cell therapy for adults with non-Hodgkin lymphoma (NCT05801913); and a Phase 1 trial of Triplex in combination with an allogeneic anti-CD19-CAR CMV-specific T cell therapy for adults with high-risk acute lymphoblastic leukemia (NCT06735690).
- Triplex was sourced by Fortress and is currently in development at our subsidiary, Helocyte.

Early Stage Product Candidates

MB-109 (IL13Rα2-targeted CAR T Cells (MB-101) + HSV-1 oncolytic virus (MB-108))

- In November 2024, Mustang announced that the FDA granted Orphan Drug Designation to Mustang for MB-108, a HSV-1 oncolytic virus, for the treatment of malignant glioma. In July 2025, we announced that the FDA granted Orphan Drug Designation to Mustang for MB-101 for the treatment of recurrent diffuse and anaplastic astrocytoma (astrocytomas) and glioblastoma.
- In March 2024, data from the Phase 1 trial evaluating MB-101 IL13Rα2-targeted CAR T-cells in high-grade glioma were published in *Nature Medicine*. MB-101 was well tolerated, and 50% of patients achieved stable disease or better, with two partial responses and two complete responses in high grade glioma patients. The two patients who achieved complete response both had high levels of intratumoral CD3+ T-cells pre-therapy (i.e., "hot" tumors), and their responses lasted 7.5 and 66+ months, respectively. In the cohort with dual intratumoral (ICT) / intraventricular (ICV) delivery and an optimized manufacturing process there was a ~70% improvement in median overall survival (10.2 months) compared to the expected survival rate of six months in this patient population.

- Mustang is currently exploring with COH an investigator-sponsored single-institution trial under the COH IND to treat patients with IL13Rα2+ recurrent GBM and high-grade astrocytoma with MB-109 that could potentially be initiated in the second quarter of 2026.
- MB-101, MB-108, and MB-109 are currently in development at our partner company, Mustang.

ATX-04 (clenbuterol)

- On February 18, 2026, our partner company Avenue entered into a license agreement with Duke University ("Duke"), whereby Avenue obtained an exclusive worldwide license (the "ATX-04 License") from Duke to certain patents and know-how pertaining to clenbuterol for the treatment of lysosomal storage diseases.
- ATX-04 is a selective β2-adrenergic agonist with human proof-of-concept data demonstrating improved muscle function and enhanced response to enzyme replacement therapy. Avenue intends to advance ATX-04 through a late-stage clinical development program leveraging existing human safety and efficacy data, with an initial focus on treating Pompe disease as an adjunct to enzyme replacement therapy.
- ATX-04 is in development at our partner company, Avenue.

Other Product Candidates

AJ201 (Nrf1 and Nrf2 activator, androgen receptor degradation enhancer)

- In March 2025, Avenue received a "notice of intent to terminate" letter from AnnJi, the licensor of AJ201, with respect to the license agreement under which Avenue was granted rights to the product candidate.
- In April 2025, Avenue and AnnJi entered into a License Termination and Program Transfer Agreement, pursuant to which the license agreement and related agreements were terminated and the program was returned to AnnJi, with AnnJi paying $1.6 million net of withholding to Avenue. Avenue is eligible to receive milestone payments, royalties on AJ201, and sublicensing revenue from AnnJi.
- AJ201 was sourced by Fortress and was previously in development at our partner company, Avenue.

BAER-101 (GABAA α2/3 positive allosteric modulator)

- In November 2025, Avenue announced it had entered into an agreement for Baergic to be acquired by Axsome, including the global rights to BAER-101 (also known as AZD7325), a novel oral GABAA α2,3 subtype-selective receptor positive allosteric modulator ("PAM"). BAER-101 was originally licensed by Baergic from AstraZeneca AB and will be referred to as AXS-17 by Axsome going forward. Axsome intends to evaluate AXS-17 as a potential treatment for epilepsy.
- Avenue is eligible to receive approximately 74% of all future payments and royalties payable to the former stockholders of Baergic including development and commercial milestones and a tiered mid-to-high single-digit royalty on potential global net sales of AXS-17.
- BAER-101 was sourced by Fortress and was in development at Baergic, a majority-owned subsidiary of Avenue, until its sale to Axsome in November 2025.

General Corporate and Other – Fortress

- In the year ended December 31, 2025, the Company received gross proceeds of $2.6 million from warrant exercises.
- Due to the receipt of $28 million of proceeds from the sale of Checkpoint in May 2025, the Company made payments to Oaktree comprising: $5.5 million in principal, $0.1 million in interest, and $0.3 million in Yield Protection Premium (as defined in the New Oaktree Agreement). At December 31, 2025, the outstanding principal balance of the 2024 Oaktree Note was $29.8 million.

- On February 22, 2026, Cyprium entered into a definitive asset purchase agreement (the "PRV APA") pursuant to which Cyprium agreed to sell the PRV that was originally issued in connection with the FDA's approval of ZYCUBO (copper histidinate, formerly known as CUTX-101) for the treatment of Menkes disease in pediatric patients and that was transferred to Cyprium prior to the entry into the PRV APA for $205 million. On March 30, 2026, the Company and Cyprium announced the closing of the PRV APA transaction.
- The Company owns the majority of Cyprium's outstanding common stock, on an as-converted basis, and expects to receive its pro rata share of future dividends from Cyprium following the closing of the PRV APA. In total, the Company expects to receive an aggregate of at least $100.0 million from Cyprium pursuant to potential future dividends and intercompany agreements, including amounts owed by Cyprium to the Company through intercompany debt, interest and accrued expenses.

General Corporate and Other – Public Subsidiaries

- In the year ended December 31, 2025, Journey received approximately $16.4 million in net proceeds under the Journey At the Market Offering program.
- In July 2025, Mustang received gross proceeds of $7.1 million from warrant exercises.
- In June 2025, Journey Medical joined the small-cap Russell 2000 Index and the broad-market Russell 3000 Index, effective after the close of U.S. equity markets on June 27, 2025, as a result of their 2025 annual Russell Index reconstitution.
- In March 2025, Avenue received a notice from The Nasdaq Stock Market LLC that Avenue's common stock would be suspended at the open of trading on March 19, 2025. Avenue's common stock was subsequently formally delisted from the Nasdaq Capital Market in July 2025. Avenue's common stock began trading under the symbol "ATXI" on the OTC Markets system on March 19, 2025. Avenue currently plans to continue to file its required periodic reports and other filings with the SEC.
- In February 2025, Mustang announced it had concurrently exited the lease for its manufacturing facility in Worcester, Massachusetts and sold certain fixed assets including furniture and equipment to AbbVie Bioresearch Center, Inc. for $1.0 million.
- In January 2025, Mustang effected a 1-for-50 reverse stock split to achieve compliance with the minimum bid price listing requirement of the Nasdaq Capital Market.

Critical Accounting Policies and Use of Estimates

Our Consolidated Financial Statements included in this Annual Report on Form 10-K include certain amounts that are based on management's best estimates and judgments. Our significant estimates include, but are not limited to, provisions for coupons, chargebacks, wholesaler fees, specialty pharmacy discounts, managed care rebates, product returns, inventory realization, valuation of intangible assets, useful lives assigned to long-lived assets and amortizable intangible assets, fair value of stock options and warrants, stock-based compensation, common stock issued to acquire licenses, accrued expenses and contingencies. Due to the uncertainty inherent in such estimates, actual results may differ from these estimates. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions or conditions. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

While our significant accounting policies are described in the Notes to our Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K, we believe that the following critical accounting policies are most important to understanding and evaluating our reported financial results.

Revenue Recognition

Our gross product revenues are subject to a variety of deductions, which generally are estimated and recorded in the same period that the revenues are recognized. Such variable consideration represents chargebacks, coupons, discounts, other sales allowances and sales returns. These deductions represent estimates of the related obligations and, as such, knowledge and judgment are required when estimating the impact of these revenue deductions on gross sales for a reporting period. Historically, adjustments to these estimates to reflect actual results or updated expectations have not been material to our overall business. Coupons, however, can have a significant impact on year-over-year individual product revenue growth trends. If any of our ratios, factors, assessments, experiences, or judgments are not indicative or accurate estimates of our future experience, our results could be materially affected. The potential of our estimates to vary differs by program, product, type of customer and geographic location.

Fair Value Measurement

The Company follows accounting guidance on fair value measurements for financial assets and liabilities measured at fair value on a recurring basis. Under the accounting guidance, fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The accounting guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- *Level 1*: Quoted prices in active markets for identical assets or liabilities.
- *Level 2*: Observable inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.
- *Level 3*: Unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

Certain of the Company's working capital assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities, are not measured at fair value on a recurring basis but are recorded at amounts that approximate their fair value due to their liquid or short-term nature. The carrying value of our notes payable approximates their fair value as the interest rate is variable and approximates the market rate for loans with similar terms and risk characteristics.

Issuance of Debt and Equity

Fortress and its partner companies and subsidiaries issue complex financial instruments which include equity and/or debt features. We analyze each instrument under ASC 480, *Distinguishing Liabilities from Equity,* ASC 815, *Derivatives and Hedging* and, ASC 470, *Debt*, in order to establish whether such instruments include any embedded derivatives.

We accounted for the debt with Oaktree with detachable warrants in accordance with ASC 470, *Debt*. We assessed the classification of the common stock purchase warrants issued in connection with such transactions and determined that such instruments met the criteria for equity classification. The note proceeds were allocated between the 2024 Oaktree Note and the warrants on a relative fair value basis.

We recorded the related issue costs and value ascribed to the warrants as a debt discount of the 2024 Oaktree Note. The discount is being amortized utilizing the effective interest method over the term of the 2024 Oaktree Note, which was approximately 11.6% at December 31, 2025.

Accrued Research and Development Expense

We record accruals for estimated costs of research, preclinical, clinical and manufacturing development within accrued expenses which are significant components of research and development expenses. A substantial portion of our ongoing research and development activities is conducted by third-party service providers. We accrue the costs incurred under agreements with these third parties based on estimates of actual work completed in accordance with the respective agreements. We determine the estimated costs through discussions with internal personnel and external service providers as to the progress, or stage of completion or actual timeline (start-date and end-date) of the services and the agreed-upon fees to be paid for such services. Payments made to third parties under these arrangements in advance of the performance of the related services are recorded as prepaid expenses until the services are rendered.

If the actual timing of the performance of services or the level of effort varies from the estimate, we adjust accrued expenses or prepaid expenses accordingly, which impact research and development expenses. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period.

Recent Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

Smaller Reporting Company Status

We are a "smaller reporting company," meaning that either (i) the market value of our shares held by non-affiliates is less than $250 million or (ii) the market value of our shares held by non-affiliates is less than $700 million and our annual revenue was less than $100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our shares held by non-affiliates is less than $250 million or (ii) our annual revenue was less than $100 million during the most recently completed fiscal year and the market value of our shares held by non-affiliates is less than $700 million. As a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K , have reduced disclosure obligations regarding executive compensation, and smaller reporting companies are permitted to delay adoption of certain recent accounting pronouncements discussed in Note 2 to our Consolidated Financial Statements located in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

Basis of Presentation and Principles of Consolidation

The Company's Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company's Consolidated Financial Statements include the results of the Company's subsidiaries for which it has voting control but does not own 100% of the outstanding equity of the subsidiaries. For consolidated entities where the Company owns less than 100% of the subsidiary, but retains voting control, the Company records net loss attributable to non-controlling interests in its Consolidated Statements of Operations and presents non-controlling interests as a component of stockholders' equity on its Consolidated Balance Sheets. All intercompany income and/or expense items are eliminated entirely in consolidation prior to the allocation of net gain/loss attributable to non-controlling interest, which is based on ownership interests as calculated quarterly for each subsidiary.

The following table summarizes the Company's basic ownership of the issued and outstanding common and preferred shares in consolidated Fortress subsidiaries:

Partner Company/Subsidiary	December 31, 2025
Avenue (OTC: ATXI)	10.3 %
Cellvation	80.0 %
Checkpoint[1]	— %
Cyprium	73.9 %
Helocyte	83.4 %
Journey (Nasdaq: DERM)	36.3 %
Mustang (Nasdaq: MBIO)	4.0 %
Oncogenuity	73.9 %
Urica	70.4 %

Note 1: In May 2025, our former subsidiary, Checkpoint, was acquired by Sun Pharma.

Results of Operations

Comparison of Years Ended December 31, 2025 and 2024

($ in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Revenue				
Product revenue, net	$ 61,239	$ 55,134	$ 6,105	11 %
Collaboration revenue	—	1,500	(1,500)	(100)%
Revenue – related party	—	41	(41)	(100)%
Other revenue	2,023	1,000	1,023	102 %
Net revenue	63,262	57,675	5,587	10 %
Operating expenses				
Cost of goods - (excluding amortization of acquired intangible assets)	20,924	20,879	45	0 %
Amortization of acquired intangible assets	4,258	3,424	834	24 %
Research and development	11,901	56,629	(44,728)	(79)%
Research and development – licenses acquired	—	252	(252)	(100)%
Selling, general and administrative	96,400	87,731	8,669	10 %
Loss recovery	—	(4,553)	4,553	(100)%
Asset impairment	—	3,692	(3,692)	(100)%
Total operating expenses	133,483	168,054	(34,571)	(21)%
Loss from operations	(70,221)	(110,379)	40,158	(36)%
Other income (expense)				
Interest income	2,485	2,683	(198)	(7)%
Interest expense and financing fee	(10,106)	(13,527)	3,421	(25)%
Loss on common stock warrant liabilities	(398)	(638)	240	(38)%
Gain from deconsolidation of subsidiary	27,127	—	27,127	100 %
Other income	17,578	1,318	16,260	1234 %
Total other income (expense)	36,686	(10,164)	46,850	(461)%
Loss before income tax expense	(33,535)	(120,543)	87,008	(72)%
Income tax expense (benefit)	(620)	312	(932)	(299)%
Net loss	**(32,915)**	**(120,855)**	**87,940**	**(73)%**
Attributable to non-controlling interests	39,730	74,858	(35,128)	(47)%
Net income (loss) attributable to Fortress	**$ 6,815**	**$ (45,997)**	**$ 52,812**	**(115)%**

Revenue

($ in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Revenue				
Product revenue, net	$ 61,239	$ 55,134	$ 6,105	11 %
Collaboration revenue	—	1,500	(1,500)	(100)%
Revenue – related party	—	41	(41)	(100)%
Other revenue	2,023	1,000	1,023	102 %
Net revenue	**$ 63,262**	**57,675**	**$ 5,587**	**10 %**

For the year ended December 31, 2025, we generated $63.3 million of net revenue, of which $61.2 million relates to product revenue derived from Journey's sales of branded and generic products, and $2.0 million in other revenue comprises $1.4 million related to Avenue's termination of its license agreement with AnnJi, and $0.6 million related to Journey's supply of Amzeeq to Cutia for commercial use and sales-based royalties on Cutia's net sales of Amzeeq. JMC began supplying Amzeeq to Cutia in August 2025 under an agreement with Cutia. For the year ended December 31, 2024, we generated $57.7 million of net revenue, of which $55.1 million relates to product revenue derived from Journey's branded and generic products, $1.5 million relates to collaboration revenue from Sentynl for the NDA submission acceptance milestone relating to CUTX-101, and $1.0 million in other revenue relates to a $1.0 million milestone payment from Cutia that became payable to JMC upon Cutia receiving marketing approval for topical 4% minocycline foam in the People's Republic of China.

For the year ended December 31, 2025, net product revenues increased by $6.1 million, or 11%, from $55.1 million. The increase is primarily due to the U.S commercial launch of Emrosi generating incremental revenues of $14.7 million in 2025. This is partially offset by a decrease in Accutane revenue of $6.5 million, as a result of lower sales volume driven by recent market competition, as well as a decrease in JMC's sales of legacy products due to lower unit volumes driven by generic competition.

Cost of Goods Sold

($ in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Cost of goods sold – (excluding amortization of acquired intangible assets)	$ 20,924	$ 20,879	$ 45	0 %

Cost of goods sold – (excluding amortization of acquired intangible assets) was consistent year over year at $20.9 million for the years ended December 31, 2025 and 2024. Higher royalty expenses associated with incremental revenue from Emrosi in 2025 were offset by lower product costs resulting from a favorable product mix, primarily reflecting the increased sales of Emrosi in 2025. Emrosi carries a higher gross margin than our other products, contributing to the stable overall cost of goods sold despite the increased revenues.

Amortization of Acquired Intangible Assets

($ in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Amortization of acquired intangible assets	$ 4,258	$ 3,424	$ 834	24 %

Amortization of acquired intangible assets increased by $0.8 million, or 24%, to $4.3 million for the year ended December 31, 2025, from $3.4 million for the year ended December 31, 2024, driven by the addition of the Emrosi acquired intangible asset upon Journey's payment to DRL of the milestone payment triggered by the FDA's approval of Emrosi in November 2024.

Research and development expenses

R&D costs primarily consist of personnel-related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for licenses and milestones, costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, costs associated with regulatory filings and patents, laboratory costs and other supplies.

For the years ended December 31, 2025 and 2024, R&D expenses were approximately $11.9 million and $56.6 million, respectively, a decrease of $44.7 million or 79%. The table below provides a summary of research and development by entity, for the years ended December 31, 2025 and 2024:

	Year Ended December 31,		Change	
($ in thousands)	2025	2024	$	%
Research & development				
Fortress[1]	$ 1,125	$ (4,443)	$ 5,568	(125)%
Avenue	1,037	6,645	(5,608)	(84)%
Checkpoint[2]	10,775	36,152	(25,377)	(70)%
Journey	480	9,857	(9,377)	(95)%
Mustang	(1,516)	8,418	(9,934)	(118)%
Total research & development expense	**$ 11,901**	**$ 56,629**	**$ (44,728)**	**(79)%**

Note 1: Includes Fortress and private subsidiaries primarily funded by Fortress: Cellvation, Cyprium, Helocyte, Oncogenuity and Urica.

Note 2: Checkpoint expenses are for the five-month period ending May 30, 2025, due to the deconsolidation of Checkpoint on May 30, 2025 related to the Sun Pharma transaction (see Note 3, Asset Purchase and Merger Agreements, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K).

R&D expense at Fortress and the private subsidiaries has increased $5.6 million, or 125%, primarily because R&D at Fortress is inclusive of annual PIK dividend income received from the subsidiaries (see Note 16, Related Party Transactions, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K), and PIK income received by Fortress has decreased $8.5 million, due primarily to the deconsolidation of Checkpoint in May 2025. This was offset in part by reduced costs at Urica of $2.7 million for the dotinurad clinical program after its transition to Crystalys in July 2024.

Checkpoint's reduced R&D expense of $25.4 million, or 70%, is due to the deconsolidation of that entity as of May 2025 as a result of its acquisition by Sun Pharma.

The decrease in R&D spending at Mustang of $9.9 million, or 118%, is primarily attributed to a $3.2 million decrease in costs incurred related to the termination of the transaction with uBriGene (Boston) Biosciences, Inc. in 2024, a $2.8 million decrease in outside service expenses and consulting, including assay development costs; a $2.0 million decrease in sponsored research and license related expenses; and a $1.0 million decrease in clinical trial related costs. Mustang has been actively negotiating settlements of aged payables, and recognized savings of approximately $2.1 million, which resulted in a credit for R&D expenses during the year ended December 31, 2025. This credit is not indicative of Mustang's research and development expenses going forward.

Journey's decreased R&D costs of $9.4 million, or 95%, are due to pre-approval project costs related to Emrosi incurred in 2024, which concluded following the FDA's approval of Emrosi in November 2024.

R&D expense at Avenue decreased $5.6 million, or 84%, due to a $5.2 million decrease in pre-clinical and clinical development costs for AJ201 prior to entering into the termination agreement with AnnJi, a $0.1 million decrease in manufacturing expenses, and a $0.1 million decrease in personnel costs.

Noncash, stock-based compensation expense included in R&D for the years ended December 31, 2025 and 2024, was $6.3 million and $7.1 million, respectively, a decrease of $0.9 million, or 12%.

($ in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Stock-based compensation - research & development				
Fortress[1]	$ 1,371	$ 1,746	$ (375)	(21)%
Avenue	124	269	(145)	(54)%
Checkpoint[2]	4,782	5,248	(466)	(9)%
Journey	—	508	(508)	(100)%
Mustang	(10)	(650)	640	(98)%
Total stock-based compensation expense - research and development	**$ 6,267**	**$ 7,121**	**$ (854)**	**(12)%**

Note 1: Includes Fortress and private subsidiaries primarily funded by Fortress: Cellvation, Cyprium, Helocyte, Oncogenuity and Urica.

Note 2: Checkpoint expenses are for the five-month period ending May 30, 2025, due to the deconsolidation of Checkpoint on May 30, 2025 related to the Sun Pharma transaction (see Note 3, Asset Purchase and Merger Agreements, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K).

The decrease in stock-based compensation expense included in R&D for the year ended December 31, 2025 is attributable to reduced expense at Fortress of $0.4 million, or 21%, due to grants fully vested as of July 2025, performance-based vesting of grants at Checkpoint, triggered by the FDA approval of UNLOXCYT in December 2024, coupled with the deconsolidation of Checkpoint in May 2025, and the $0.6 million, or 98%, increase at Mustang due to the non-repeat of stock compensation expense credits from the April 2024 reduction in the Mustang workforce.

We expect research and development costs to increase in 2026 with potential new in-licenses or acquisitions.

Research and development – licenses acquired

($ in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Research and development – licenses acquired	$ —	$ 252	$ (252)	(100)%

The decrease in research and development – licenses acquired of $0.3 million, or 100%, in 2025 is due primarily to $0.3 million incurred by Mustang in 2024 related to a milestone achievement, with no comparable expense in the year ended December 31, 2025.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist principally of personnel related costs, costs required to support the marketing and sales of our commercialized products, professional fees for legal, consulting, audit and tax services, rent and other general operating expenses not otherwise included in research and development expenses. For the years ended December 31, 2025 and 2024, selling, general and administrative expenses were $96.4 million and $87.7 million, respectively, an increase of $8.7 million, or 10%. The table below provides a summary by entity of selling, general and administrative expenses for the years ended December 31, 2025 and 2024, respectively:

($ in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Selling, general & administrative				
Fortress[1]	$ 17,371	$ 18,691	$ (1,320)	(7)%
Avenue	3,450	4,638	(1,188)	(26)%
Checkpoint[2]	27,263	20,063	7,200	36 %
Journey	44,368	40,204	4,164	10 %
Mustang	3,948	4,135	(187)	(5)%
Total selling, general & administrative expense	**$ 96,400**	**$ 87,731**	**$ 8,669**	**10 %**

Note 1: Includes Fortress and private subsidiaries primarily funded by Fortress: Cellvation, Cyprium, Helocyte, Oncogenuity and Urica.

Note 2: Checkpoint expenses are for the five-month period ending May 30, 2025, due to the deconsolidation of Checkpoint on May 30, 2025 related to the Sun Pharma transaction (see Note 3, Asset Purchase and Merger Agreements, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K).

The increase in general and administrative expenses at Checkpoint of $7.2 million, or 36%, is primarily driven by the increase in stock-based compensation due to performance-based vesting triggered by the transaction with Sun Pharma.

The increase at Journey of $4.2 million, or 10%, is primarily due to incremental operational activities related to the launch and commercialization of Emrosi.

The decrease in selling, general and administrative expenses at Fortress and the private subsidiaries of $1.3 million, or 7%, is primarily attributable to decreased stock compensation expense at Fortress due to fully-vested grants offset by less equity fees received from the partner companies of Fortress due to less equity offerings and warrant exercises for the public subsidiaries in 2025.

The decrease in general and administrative expenses at Avenue of $1.2 million, or 26%, is primarily due to decreased stock-based compensation expense, personnel expenses and legal expenses.

Stock-based compensation expense included in selling, general and administrative expenses in the years ended December 31, 2025 and 2024 was $22.5 million and $25.5 million, respectively, a decrease of $3.0 million, or 12%.

($ in thousands)	Year Ended December 31, 2025	2024	Change $	Change %
Stock-based compensation - Selling, general and administrative				
Fortress[1]	$ 6,189	$ 8,737	$ (2,548)	(29)%
Avenue	541	967	(426)	(44)%
Checkpoint[2]	9,315	10,004	(689)	(7)%
Journey	6,288	5,590	698	12 %
Mustang	139	200	(61)	(31)%
Total stock-based compensation expense - selling, general and administrative	**$ 22,472**	**25,498**	**$ (3,026)**	**(12)%**

Note 1: Includes Fortress and private subsidiaries primarily funded by Fortress: Cellvation, Cyprium, Helocyte, Oncogenuity and Urica.
Note 2: Checkpoint expenses are for the five-month period ending May 30, 2025, due to the deconsolidation of Checkpoint on May 30, 2025 related to the Sun Pharma transaction (see Note 3, Asset Purchase and Merger Agreements, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K).

The decrease in stock-based compensation expense included in selling, general and administrative expense for the year ended December 31, 2025 is primarily attributable to Long-Term Incentive Plan vesting that occurred in July 2025, decreasing Fortress' expense by $2.5 million, or 29%.

We expect selling, general and administrative expenses to remain flat or increase in 2026.

Loss Recovery

Journey recorded a loss recovery benefit to income of $4.6 million in connection with the recovery of funds related to a previously disclosed cybersecurity incident in September 2021. Journey received the $4.6 million in cash in December 2024. There was no comparable benefit recorded in 2025.

Asset Impairment

	Year Ended December 31,		Change	
($ in thousands)	**2025**	**2024**	$	%
Asset impairment	$ —	$ 3,692	$ (3,692)	(100)%

For the year ended December 31, 2024, Mustang recorded an asset impairment of $3.7 million, of which approximately $2.7 million was attributable to Mustang's assessment of the recoverability of the asset group consisting of leasehold improvements and associated right-of-use asset, and $1.0 million related to property, plant and equipment held for sale at December 31, 2024, and subsequently sold in 2025. There was no comparable expense in 2025.

Other Expense

	Year Ended December 31,		Change	
($ in thousands)	**2025**	**2024**	$	%
Other expense				
Interest income	$ 2,485	$ 2,683	$ (198)	(7)%
Interest expense and financing fee	(10,106)	(13,527)	3,421	(25)%
Loss on common stock warrant liabilities	(398)	(638)	240	(38)%
Gain from deconsolidation of subsidiary	27,127	—	27,127	100 %
Other income	17,578	1,318	16,260	1234 %
Total other income (expense)	**$ 36,686**	**(10,164)**	**$ 46,850**	**(461)%**

Total other income (expense) increased $46.9 million, or 461%, from expense of $10.2 million for the year ended December 31, 2024 to income of $36.7 million for the year ended December 31, 2025. As a result of the merger of Checkpoint with Sun Pharma, we deconsolidated Checkpoint in May 2025, and recognized a gain from deconsolidation of approximately $27.1 million during the year ended December 31, 2025 (see Note 3, Asset Purchase and Merger Agreements, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K). We also recognized an increase in the fair value of Urica's equity interest in Crystalys of $15.1 million and reversed the liability associated with the repurchase obligation of $2.6 million during the year ended December 31, 2025 (see Note 3, Asset Purchase and Merger Agreements, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K). These gains were partially offset by interest expense and financing fee expenses related to Fortress' debt outstanding with Oaktree and Journey's debt outstanding with SWK Funding LLC ("SWK"). The $3.4 million, or 25%, decrease in interest expense and financing fees is attributable to a loss on extinguishment of debt of $3.6 million recognized in the year ended December 31, 2024 related to the Company's 2024 extinguishment of its prior 2020 facility with Oaktree.

Attributable to Non-Controlling Interests

The loss attributable to non-controlling interests decreased $35.1 million, or 47%, from $74.9 million for the year ended December 31, 2025 to $39.7 million for the year ended December 31, 2025 primarily due to the sale of Checkpoint in May 2025.

Liquidity and Capital Resources

Sources of Liquidity

At December 31, 2025, we had an accumulated deficit of $734.1 million primarily as a result of research and development expenses, purchases of in-process research and development and selling, general and administrative expenses.

We fund our operations through cash on hand, debt issuances, third-party financings, asset sales, and the sale of subsidiaries and partner companies. At December 31, 2025, we had cash and cash equivalents of $79.4 million of which $35.2 million relates to Fortress and the private subsidiaries (primarily funded by Fortress), $17.3 million relates to Mustang, $24.1 million relates to JMC and $2.9 million relates to Avenue. Restricted cash relates to office leases and totals $1.2 million.

We will require additional financing to fully develop and prepare regulatory filings and obtain regulatory approvals for our existing and new product candidates, fund operating losses, and, if deemed appropriate, establish or secure through third parties manufacturing for our potential products, and sales and marketing capabilities. We have funded our operations to date primarily through the sale of equity and debt securities. We believe that our current cash and cash equivalents are sufficient to fund operations for at least the next twelve months. Our failure to raise capital as and when needed would have a material adverse impact on our financial condition and our ability to pursue our business strategies. We may seek funds through equity or debt financings, joint venture or similar development collaborations, the sale of partner companies, royalty financings, or through other sources of financing. See “Item 1A. Risk Factors—Risks Pertaining to the Need for and Impact of Existing and Additional Financing Activities.”

Stock Offerings and At-The-Market Share Issuances

On May 17, 2024, the Company filed a shelf registration statement (File No. 333-279516) on Form S-3, which was declared effective on May 30, 2024 (the “2024 Shelf”). As of December 31, 2025, $42.1 million of securities were available for sale under the 2024 Shelf, subject to General Instruction I.B.6. of Form S-3, known as the “baby shelf rules,” which limit the number of securities that can be sold under registration statements on Form S-3. However, on July 5, 2024, the board of directors paused the payment of dividends on our Series A Preferred Stock until further notice. As a result, the Company is not currently eligible to use Form S-3 and has lost the ability to use the 2024 Shelf. The Company will regain eligibility to use the 2024 Shelf on the date it files its Annual Report on Form 10-K, so long as it has: (i) by that date, paid all accrued but unpaid dividends at that time and (ii) timely paid all dividends accruing since the end of the fiscal year to which such Form 10-K relates.

Because the Company is not currently eligible to use Form S-3 due to the failure to pay dividends on the Series A Preferred Stock, on April 1, 2025 the Company filed a post-effective amendment to certain prior Form S-3 registration statements to continue the registration of:

- the offer and sale by certain selling stockholders who were previously holders of shares of 8% Cumulative Redeemable Perpetual Class B Preferred Stock of Urica, of an aggregate of up to 1,987,250 shares of the Company’s common stock;
- the offer and sale of up to 5,885,000 shares underlying warrants originally issued as part of units, each consisting of one share of Common Stock and one warrant, originally registered pursuant to the prospectus filed with the SEC under November 10, 2023;
- the offer and sale of up to 3,303,305 shares underlying warrants originally issued as part of units, each consisting of one share of Common Stock and one warrant, originally registered pursuant to the prospectus filed with the SEC on December 29, 2023; and

- the offer and sale by certain selling stockholders of up to 116,637 shares of Common Stock issuable upon the exercise of warrants, as amended, granted to Oaktree and its affiliates under the Prior Oaktree Agreement.

This post-effective amendment was declared effective by the SEC on April 2, 2025.

During the year ended December 31, 2025, the Company issued and sold approximately 0.5 million shares at an average price of $1.94 per share for gross proceeds of approximately $1.0 million under the Company's at-the-market offering program.

Journey

On December 30, 2022, Journey filed a shelf registration statement on Form S-3 (File No. 333-269079) (the "Journey 2022 S-3"), which was declared effective on January 26, 2023. The Journey 2022 S-3 covered the offering, issuance and sale by Journey of up to an aggregate of $150.0 million of Journey's common stock, preferred stock, debt securities, warrants, and units. In connection with the Journey 2022 S-3, Journey entered into a sales agreement relating to the sale of shares of Journey's common stock in an at-the-market offering (the "Journey ATM Sales Agreement"). In accordance with the terms of the Journey ATM Sales Agreement, Journey was able to offer and sell up to 4,900,000 shares of its common stock, par value $0.0001 per share, from time to time.

In August 2025, Journey entered into a new At Market Issuance Sales Agreement (the "Journey 2025 ATM Sales Agreement") with B. Riley Securities, Inc. and Lake Street Capital Markets, LLC (each, an "Agent" and together, the "Agents"). In accordance with the terms of the Journey 2025 ATM Sales Agreement, Journey may offer and sell up to 3,750,000 shares of common stock, from time to time through or to the Agents, each acting as sales agent or principal. As of December 31, 2025, 750,000 shares of Journey common stock were issued and sold under the Journey 2025 ATM Sales Agreement.

For the year ended December 31, 2025, Journey issued and sold approximately 2.6 million shares of common stock for net proceeds of $16.4 million under both the Journey ATM Sales Agreement and the Journey 2025 ATM Sales Agreement.

On January 15, 2026, Journey filed a shelf registration statement on Form S-3 (File No. 333-292758) (the "Journey 2026 Shelf"), which was declared effective by the Securities and Exchange Commission on January 21, 2026. This shelf registration statement covers the offering, issuance and sale by Journey of up to an aggregate of $150.0 million of Journey's common stock, preferred stock, debt securities, warrants, and units. The Journey 2026 Shelf replaces the Journey 2022 S-3. Sales under the Journey 2025 ATM Sales Agreement after the effective date will occur under the 2026 Shelf.

Checkpoint

In January 2025, Checkpoint received approximately $2.1 million from the exercise of warrants for the issuance of 740,000 shares of common stock with an exercise price of $2.84 per share.

In March 2025, Checkpoint received approximately $36.0 million from the exercise of warrants for the issuance of 21,691,003 shares of common stock with an average exercise price of $1.66 per share.

In April 2025, Checkpoint received approximately $9.2 million from the exercise of warrants for the issuance of 3,256,269 shares of common stock with an average exercise price of $2.82 per share.

In May 2025, Checkpoint was sold to Sun Pharma in a transaction that resulted in the Company receiving $28.0 million in cash proceeds (see Note 3, Asset Purchase and Merger Agreements, in the Notes to the Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K).

Mustang

On May 31, 2024, Mustang filed a shelf registration statement on Form S-3 (File No. 333-279891) (the "Mustang 2024 S-3"), which was declared effective on June 12, 2024. Under the Mustang 2024 S-3, Mustang may sell up to a total of $40.0 million of its securities. As of December 31, 2025, approximately $34.2 million of the Mustang 2024 S-3 remained available for sales of securities, subject to General Instruction I.B.6. of Form S-3. The ability of Mustang to register new offers and sales of securities under the Mustang 2024 S-3 expires on June 12, 2027.

On May 31, 2024, Mustang entered into an At-the-Market Offering Agreement (the "Mustang ATM") relating to the sale of shares of common stock pursuant to the Mustang 2024 S-3. During the year ended December 31, 2025, Mustang issued approximately 0.1 million shares of common stock at an average price of $11.55 per share for net proceeds of $0.6 million under the Mustang ATM, after deducting aggregate fees of approximately $27,000.

In February 2025, Mustang closed on an equity offering of (i) 495,000 shares of its common stock, par value $0.0001 per share (the "Shares"), (ii) pre-funded warrants to purchase up to an aggregate of 2,162,807 shares of common stock (the "Pre-Funded Warrant Shares), (iii) Series C-1 warrants (the "Series C-1 Warrants") to purchase up to 2,657,807 shares of common stock, and (iv) Series C-2 warrants (the "Series C-2 Warrants") to purchase up to 2,657,807 shares of common stock. Each Share or Pre-Funded Warrant was sold together with one Series C-1 Warrant to purchase one share of common stock and one Series C-2 Warrant to purchase one share of common stock. The combined public offering price for each Share and accompanying Warrants was $3.01, and the combined public offering price for each Pre-Funded Warrant and accompanying Warrants was $3.0099. The Pre-Funded Warrants had an exercise price of $0.0001 per share, were exercisable immediately upon issuance and expired when exercised in full. Each Warrant has an exercise price of $3.01 per share and became exercisable beginning on the effective date of stockholder approval of the issuance of the Warrant Shares (the "Warrant Stockholder Approval"). The Series C-1 Warrants expire five years from Warrant Stockholder Approval and the Series C-2 Warrants expire twenty-four months from Warrant Stockholder Approval. The net proceeds of the offering, after deducting the fees and expenses of the placement agent in the transaction, and other offering expenses payable by Mustang, but excluding the net proceeds from the exercise of the Warrants, was approximately $6.9 million.

In July 2025, the remaining approximately 0.5 million of the Pre-Funded Warrants and approximately 2.4 million of the Series C-2 Warrants were exercised. In connection with these exercises, Mustang received approximately $7.1 million in proceeds and issued approximately 2.9 million shares of its common stock. As of December 31, 2025, all of the Series C-1 Warrants and 284,452 of the Series C-2 Warrants remain outstanding.

Avenue

In December 2021, Avenue filed a shelf registration statement (File No. 333-261520) on Form S-3 (the "Avenue 2021 S-3"), which was declared effective on December 10, 2021. Avenue filed a replacement shelf registration on Form S-3 on December 4, 2024 (the "Avenue Replacement Shelf"), under the Securities Act of 1933, as amended, which was later withdrawn. However, effective as of July 18, 2025, Avenue was formally delisted from Nasdaq with Nasdaq's filing on that date of a Form 25 with the SEC; Avenue is therefore ineligible to use Form S-3 and unable to use the Avenue 2021 S-3 or the Avenue Replacement Shelf. On December 15, 2025, Avenue filed a Post-Effective Amendment No. 1 to Form S-3 on Form S-1 (File No. 333-279125), which Post-Effective Amendment was declared effective on December 16, 2025.

In May 2024, Avenue entered into an At-the-Market Offering Agreement (the "Avenue ATM") under which Avenue was then able to offer and sell, from time to time at its sole discretion, up to $3.9 million of shares of its common stock. The offers and sales of the shares were to be made pursuant the Avenue 2021 S-3, and the related prospectus supplement dated May 10, 2024. During the year ended December 31, 2025, Avenue issued 0.9 million shares through the Avenue ATM for net proceeds of $2.1 million. Avenue is no longer able to utilize the Avenue ATM as a result of the delisting of its stock from trading on Nasdaq.

Debt

Oaktree Facility

On July 25, 2024, Fortress entered into the $50.0 million senior secured credit agreement (the "2024 Oaktree Agreement") with Oaktree Fund Administration, LLC and the lenders from time-to-time party thereto (collectively, "Oaktree"). On December 12, 2025, Fortress entered into the First Amendment to the 2024 Oaktree Agreement ("the "Oaktree First Amendment"), which provided for, among other things, an extension of the maturity date to June 30, 2028, and an adjustment to the minimum net sales covenant. On February 22, 2026, Fortress entered into the Second Amendment to the 2024 Oaktree Agreement (the "Oaktree Second Amendment," and together with the Oaktree First Amendment and the 2024 Oaktree Agreement, the "New Oaktree Agreement"). The Company borrowed $35.0 million under the 2024 Oaktree Agreement on the Closing Date (the "2024 Oaktree Note") and is eligible to draw up to an additional $15.0 million at the lenders' discretion to support future business development activities. The 2024 Oaktree Note replaced the Company's prior 2020 facility with Oaktree, with respect to which the remaining $50.0 million balance was repaid in full. Under the terms of the New Oaktree Agreement, as amended, the loans have a 41-month interest-only period with a maturity date of June 30, 2028, and bear interest at an annual rate equal to the 3-month Secured Overnight Financing Rate ("SOFR") plus 7.625% (subject to a 2.50% SOFR floor and a 5.75% SOFR cap). At December 31, 2025, the interest rate applicable to the 2024 Oaktree Note was 11.6%. The Company is required to make quarterly interest-only payments until the maturity date, except 12.5% of the then-outstanding principal balance of the loans is due on September 30, 2027, 12.5% of the principal balance of the loans is due on December 30, 2027, 37.5% of the principal balance of the loans is due on March 31, 2028, with the remaining principal amount due on the maturity date.

The Company may voluntarily prepay, in whole or in part, the amounts due under the New Oaktree Agreement at any time subject to a prepayment fee. Upon the receipt of proceeds from the sale of Checkpoint (see Note 3), the Company made payments to Oaktree comprised of: $5.5 million in principal, $0.1 million in interest, and $0.3 million in Yield Protection Premium (as defined in the New Oaktree Agreement). The New Oaktree Agreement contains customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness, and dividends and other distributions, subject to certain exceptions. In addition, the New Oaktree Agreement contains certain financial covenants, including, (i) a requirement that the Company maintain a minimum liquidity of $7.0 million, which may be reduced or increased as described in the New Oaktree Agreement, and (ii) that product net sales of Journey meet a consolidated minimum net sales amount of $60.0 million as of the last day of the fiscal quarter ending December 31, 2025, $65.0 million as of the last day of the fiscal quarter ending March 31, 2026, $70.0 million as of the last day of the fiscal quarter ending June 30, 2026, $75.0 million as of the last day of the fiscal quarter ending September 30, 2026, and $80.0 million as of the fiscal quarter ending December 31, 2026 and the last day of each fiscal quarter thereafter, subject to certain exclusions. Failure by the Company to comply with the financial covenants will result in an event of default, subject to certain cure rights of the Company with respect to the Minimum Net Sales Test. The Minimum Net Sales Test covenant does not apply any time the outstanding principal balance of the Loan is less than or equal to $10.0 million. Under the Oaktree Second Amendment, in the event that the outstanding principal balance of the loan is less than or equal to $15.0 million and Fortress receives the distribution of proceeds from Cyprium following the closing of the sale of the PRV by Cyprium pursuant to the PRV APA, the minimum liquidity required will be lowered to $2.0 million and the Minimum Net Sales Test will no longer apply.

The New Oaktree Agreement, contains events of default that are customary for financings of this type, in certain circumstances subject to customary cure periods. In addition, the Company is also required to (i) raise cash proceeds from the sale of common stock, or receive monetizations or distributions, by the end of each calendar year prior to the maturity date, in an aggregate amount equal to the greater of $20 million or 50% of an amount set forth in an annual budget delivered to the lenders and (ii) maintain a specified minimum equity stake in Journey. The capital raise and minimum stake covenants and financial covenants will not apply if (i) the outstanding principal balance of the loan is less than or equal to $10 million or (ii) the outstanding principal balance of the loan is less than or equal to $15.0 million and Fortress receives the distribution of proceeds from Cyprium following the closing of the sale of the PRV by Cyprium pursuant to the PRV APA. Following an event of default and any cure period, if applicable, Oaktree will have the right upon notice to accelerate all amounts outstanding under the New Oaktree Agreement, in addition to other remedies available to the lenders as secured creditors of the Company.

In connection with the New Oaktree Agreement, the Company granted a security interest in favor of Oaktree, for the benefit of the lenders, in substantially all of the Company's assets, subject to customary exceptions, as collateral securing the Company's obligations under the New Oaktree Agreement.

SWK Facility

On December 27, 2023 (the "SWK Closing Date"), Journey entered into a Credit Agreement with SWK. The Credit Agreement provides for a term loan facility (the "Credit Facility") in the original principal amount of up to $20.0 million. On the SWK Closing Date, Journey drew $15 million. On June 26, 2024, Journey drew the remaining $5.0 million under the Credit Facility. On July 9, 2024, Journey entered into an Amendment to the Credit Agreement with SWK. This amendment increased the original principal amount of the Credit Facility from $20.0 million to $25.0 million. The $5.0 million of additional principal added was contractually required to be drawn upon FDA approval of Emrosi, subject to Journey receiving approval on or before June 30, 2025. Journey received FDA approval for Emrosi on November 4, 2024 and drew on the remaining $5.0 million on November 25, 2024. On September 25, 2025, Journey entered into the Third Amendment to the SWK Credit Agreement (the "Third Amendment"). The Third Amendment, among other things, extends the maturity date of Journey's existing SWK Credit Facility from December 27, 2027 to June 27, 2028. Term loans under the SWK Credit facility bear interest at a rate per annum equal to the three-month term SOFR (subject to a SOFR floor of 5%) plus 7.75%. The interest rate resets quarterly. Interest payments began in February 2024 and are paid quarterly. Beginning in February 2027, the Company is required to repay a portion of the outstanding principal of the Term Loans quarterly in an amount equal to $2.5 million per quarter, or 10% of the principal amount of funded Term Loans, with any remaining principal balance due on the maturity date.

Asset Sales

On February 22, 2026, Cyprium entered into a definitive asset purchase agreement to sell its PRV (the "PRV APA") for gross proceeds of $205 million upon the closing of the transaction. Cyprium is obligated to pay 20% of the PRV APA proceeds to the Eunice Kennedy Shriver National Institute of Child Health and Human Development, an institute of the National Institutes of Health. The PRV APA contains customary representations, warranties, covenants and indemnification provisions, in each case subject to certain limitations. On March 30, 2026, the Company and Cyprium announced the closing of the PRV APA transaction.

Cash Flows

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

	Year Ended December 31,		
($ in thousands)	**2025**	**2024**	**Change**
Total cash (used in)/provided by:			
Operating activities	$ (65,777)	$ (80,191)	$ 14,414
Investing activities	10,121	(15,000)	25,121
Financing activities	77,442	70,641	6,801
Net increase (decrease) in cash and cash equivalents and restricted cash	$ 21,786	$ (24,550)	$ 46,336

Operating Activities

Net cash used in operating activities decreased by $14.4 million from the year ended December 31, 2024 to the year ended December 31, 2025. The decrease is primarily attributable to the decrease in net loss of $87.9 million, offset by the $27.1 million gain on deconsolidation recognized related to Checkpoint, and the $15.1 million increase in the fair value of investment, as well as the $17.0 million increase resulting from changes in operating assets and liabilities.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2024 of $15.0 million increased $25.1 million to $10.1 million provided by investing activities for the year ended December 31, 2025. The change is due to Journey's payment of the $15 million milestone paid to DRL in December 2024 triggered by the FDA approval of Emrosi, coupled with the net cash increase of $9.0 million related to the sale of Checkpoint to Sun Pharma in May 2025, and Mustang's $1.2 million proceeds from the sale of its held-for-sale assets related to the exit of its manufacturing facility in the year ended 2025.

Financing Activities

Net cash provided by financing activities increased $6.8 million from the year ended December 31, 2024 to the year ended December 31, 2025. The increase is attributable to an increase in proceeds from partner companies' equity offerings and warrant exercises of $12.0 million and the decrease in the payments made to Oaktree of $45.4 million, partially offset by decreased proceeds from the issuance of common stock for equity offerings of the Company in the current period of $17.4 million and the decrease in proceeds from long-term debt of $33.8 million.

Components of cash flows from publicly-traded partner companies are:

	For the Year Ended December 31, 2025					
($ in thousands)	**Fortress[1]**	**Avenue**	**Checkpoint[2]**	**Journey**	**Mustang**	**Total**
Statement of cash flows data:						
Total cash (used in)/provided by:						
Operating activities	$ 6,915	$ (1,833)	$ (53,154)	$ (12,441)	$ (5,264)	$ (65,777)
Investing activities	8,956	—	—	—	1,165	10,121
Financing activities	(2,714)	2,094	47,310	16,226	14,526	77,442
Net increase (decrease) in cash and cash equivalents and restricted cash	$ 13,157	$ 261	$ (5,844)	$ 3,785	$ 10,427	$ 21,786

	For the Year Ended December 31, 2024					
($ in thousands)	**Fortress[1]**	**Avenue**	**Checkpoint**	**Journey**	**Mustang**	**Total**
Statement of cash flows data:						
Total cash (used in)/provided by:						
Operating activities	$ (19,527)	$ (9,026)	$ (31,101)	$ (9,127)	$ (11,410)	$ (80,191)
Investing activities	—	—	—	(15,000)	—	(15,000)
Financing activities	(231)	9,837	32,777	16,993	11,265	70,641
Net increase (decrease) in cash and cash equivalents and restricted cash	$ (19,758)	$ 811	$ 1,676	$ (7,134)	$ (145)	$ (24,550)

Note 1: Includes Fortress and non-public subsidiaries.
Note 2: Checkpoint cash flows are for the five-month period ending May 2025, due to the deconsolidation of Checkpoint as of May 2025 related to the Sun Pharma transaction (see Note 3 to the consolidated financial statements).

Contractual Obligations

Our short-term and long-term contractual obligations as of December 31, 2025 include:

- Contractual payments related to our long-term debt (see Note 9, Debt and Interest, to our Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K);
- obligations under our leases (see Note 14, Commitments and Contingencies, to our Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K); and

- obligations under license agreements (see Note 7, License Agreements, to our Consolidated Financial Statements included in "Part II, Item 8, Financial Statements and Supplementary Data" in this Annual Report on Form 10-K).

Under the license agreements, we are required to make milestone payments upon successful completion and achievement of certain development, regulatory and commercial milestones, the payment obligations of which are contingent upon future events, such as our achievement of specified development, regulatory and commercial milestones, and the amount, timing, and likelihood of such payments are not known. We may also be required to make milestone payments and royalty payments in connection with the sale of products developed under these agreements, if approved and sold.

Additionally, we enter into agreements in the normal course of business with CROs and other vendors for clinical trials and with vendors for preclinical services and products for operating purposes, which are generally terminable by us upon written notice.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

The information required by this Item is set forth in the Consolidated Financial Statements and notes thereto beginning at page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure

Controls and Procedures

Disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are designed only to provide reasonable assurance that they will meet their objectives. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness, as of December 31, 2025, of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of, our principal executive officer and principal financial officer, and effected by our Board of Directors, management and other personnel, 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, and includes those policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making the assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework (2013)*. Based on the results of this assessment, management (including our Chief Executive Officer and our Chief Financial Officer) has concluded that, as of December 31, 2025, our internal control over financial reporting was effective.

Changes in Internal Controls over Financial Reporting

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

Item 9B. Other Information

During the three months ended December 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders.

Item 11. Executive Compensation

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders.

Item 14. Principal Accounting Fees and Services

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statements.

The following financial statements are filed as part of this report:

(b) Exhibits.

Exhibit Number	Exhibit Title
3.1	Amended and Restated Certificate of Incorporation of Fortress Biotech, Inc. (formerly Coronado Biosciences, Inc.) dated April 21, 2010 (incorporated by reference to Exhibit 3.1 of the Registrant's Form 10 (file No. 000-54463) filed with the SEC on July 15, 2011).
3.2	First Certificate of Amendment to Amended and Restated Certificate of Incorporation of Fortress Biotech, Inc. dated May 20, 2011 (incorporated by reference to Exhibit 3.2 of the Registrant's Form 10 (file No. 000-54463) filed with SEC on July 15, 2011).
3.3	Second Certificate of Amendment to Amended and Restated Certificate of Incorporation, as amended, of Fortress Biotech, Inc. dated October 1, 2013 (incorporated by reference to Exhibit 3.8 of the Registrant's Annual Report on Form 10-K (file No. 001-35366) filed with the SEC on March 14, 2014).
3.4	Third Certificate of Amendment to Amended and Restated Certificate of Incorporation, as amended, of Fortress Biotech, Inc. dated April 22, 2015 (incorporated by reference to Exhibit 3.9 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on April 27, 2015).
3.5	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Fortress Biotech, Inc. dated June 18, 2020 (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 19, 2020).
3.6	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Fortress Biotech, Inc. dated June 23, 2021 (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 23, 2021).

Exhibit Number	Exhibit Title
3.7	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Fortress Biotech, Inc. dated July 8, 2022, (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on July 11, 2022).
3.8	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Fortress Biotech, Inc. dated October 9, 2023 (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on October 10, 2023).
3.9	Fourth Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 25, 2024.
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of the Registrant's Form 10 (file No. 000-54463) filed with the SEC on July 15, 2011).
4.2	Certificate of Designation of Rights and Preferences of the Fortress Biotech, Inc. 9.375% Series A Cumulative Redeemable Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on November 7, 2017).
4.3	Certificate of Amendment to the Certificate of Designations of Rights and Preferences of the Fortress Biotech, Inc. 9.375% Series A Cumulative Redeemable Perpetual Preferred Stock under the Amended and Restated Certificate of Incorporation of Fortress Biotech, Inc. dated June 18, 2020 (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 19, 2020).
4.4	Description of Securities of Fortress Biotech, Inc.*
4.5	Form of Amended and Restated Warrant (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 16, 2023).
4.6	Form of Warrant (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on November 14, 2023).
4.7	Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on January 3, 2024).
4.8	Form of Warrant issued to certain affiliates of Oaktree Fund Administration, LLC on July 25, 2024 (incorporated by reference to Exhibit 4.8 of the Registrant's Registration Statement on Form S-1 (Reg. No. 33-282384) filed with the SEC on September 27, 2024).
4.9	Form of PIPE Warrant (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on September 23, 2024).
4.10	Form of Warrant issued to certain affiliates of Oaktree Fund Administration, LLC on December 12, 2025 (incorporated by reference to Exhibit 4.10 of the Registrant's Registration Statement on Form S-1 (Reg. No. 333-292154) filed with the SEC on December 16, 2025).
10.1	Amended and Restated Consulting Agreement, entered into as of January 1, 2019, by and between the Registrant and Eric Rowinsky (incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K (file No. 001-35366) filed with the SEC on March 18, 2019).#
10.2	Form of Indemnification Agreement by and between the Registrant and its officers and directors (incorporated by reference to Exhibit 10.25 of the Registrant's Form 10 (file No. 000-54463) filed with the SEC on August 24, 2011).#

Exhibit Number	Exhibit Title
10.3	Restricted Stock Issuance Agreement, dated as of February 20, 2014, by and between the Registrant and Michael S. Weiss (incorporated by reference to Exhibit 10.55 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on February 26, 2014).#
10.4	Restricted Stock Issuance Agreement, dated as of December 19, 2013, by and between the Registrant and Michael S. Weiss (incorporated by reference to Exhibit 10.57 of the Registrant's Annual Report on Form 10-K (file No. 001-35366) filed with the SEC on March 14, 2014). #
10.5	Restricted Stock Issuance Agreement, dated as of December 19, 2013, by and between the Registrant and Lindsay A. Rosenwald, M.D (incorporated by reference to Exhibit 10.58 of the Registrant's Annual Report on Form 10-K (file No. 001-35366) filed with the SEC on March 14, 2014).
10.6	Coronado Biosciences, Inc. Deferred Compensation Plan for Directors, dated March 12, 2015 (incorporated by reference to Exhibit 10.67 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on March 18, 2015).#
10.7	Coronado Biosciences, Inc. 2012 Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit 10.38 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 12, 2017).#
10.8	Amendment to Coronado Biosciences, Inc. 2012 Employee Stock Purchase Plan (incorporated by reference to Exhibit A of the Registrant's Schedule 14A (file No. 001-35366) filed with the SEC on April 30, 2018).#
10.9	Amendment to the Coronado Biosciences, Inc. 2012 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 23, 2023).#
10.10	Amendment to the Coronado Biosciences, Inc. 2012 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on May 29, 2024).#
10.11	Fortress Biotech, Inc. Amended and Restated Long-Term Incentive Plan (incorporated by reference to Exhibit 10.39 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 12, 2017).#
10.12	Amendment to the Fortress Biotech, Inc. Amended and Restated Long Term Incentive Plan (incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on May 29, 2024).#
10.13	Fortress Biotech, Inc. 2013 Stock Incentive Plan, as amended (incorporated by reference to Appendix A of the Registrant's Schedule 14-A (file No. 001-35366) filed with the SEC on June 4, 2015).#
10.14	Form of Stock Incentive Plan Award Agreement (Fortress Biotech, Inc. 2013 Stock Incentive Plan) (incorporated by reference to Exhibit 10.60 of the Registrant's Form S-8 (file No. 333-194588) filed with the SEC on March 14, 2014).#
10.15	Amendment to the Fortress Biotech, Inc. 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 19, 2020).#
10.16	Amendment to the Fortress Biotech, Inc. 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 27, 2022).#

Exhibit Number	Exhibit Title
10.17	Amendment to the Fortress Biotech, Inc. 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on June 23, 2023).#
10.18	Amendment to the Fortress Biotech, Inc. 2013 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on May 29, 2024).#
10.19	Restricted Stock Unit Award Agreement between Fortress Biotech, Inc. and David Jin effective October 26, 2022 (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on October 28, 2022).#
10.20	At Market Issuance Sales Agreement between the Company and Cantor Fitzgerald & Co., Oppenheimer & Co. Inc., H.C. Wainwright & Co., LLC, B. Riley FBR, Inc., and Dawson James Securities, Inc., dated May 29, 2020 (incorporated by reference to Exhibit 1.1 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on May 29, 2020).
10.21	Credit Agreement entered into by and among Fortress Biotech, Inc., the lenders from time to time party thereto, and Oaktree Fund Administration, LLC on July 25, 2024 (incorporated by reference to Exhibit 10.34 to the Registrant's Registration Statement on Form S-1 (Reg. No. 33-282384) filed with the SEC on September 27, 2024).
10.22	First Amendment to Credit Agreement entered into by and among Fortress Biotech, Inc., the lenders from time to time party thereto, and Oaktree Fund Administration, LLC on December 12, 2025 (incorporated by reference to Exhibit 10.27 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-292154) filed with the SEC on December 16, 2025).
10.23	Asset Purchase Agreement, dated as of July 15, 2024, between Urica Therapeutics, Inc. and Crystalys Therapeutics, Inc. (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q (file No. 001-35366) filed with the SEC on November 14, 2024).***
10.24	Royalty Agreement, dated as of July 15, 2024, between Urica Therapeutics, Inc. and Crystalys Therapeutics, Inc. (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q (file No. 001-35366) filed with the SEC on November 14, 2024).***
10.25	Agreement and Plan of Merger, dated as of March 9, 2025, by and among Checkpoint Therapeutics, Inc., Sun Pharmaceutical Industries, Inc. and Snoopy Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on March 10, 2025).
10.26	Royalty Agreement, dated as of March 9, 2025, by and among Checkpoint Therapeutics, Inc., Sun Pharmaceutical Industries, Inc., and Fortress Biotech, Inc. (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K (file No. 001-35366) filed with the SEC on March 10, 2025).
19.1	Fortress Biotech, Inc. and Subsidiaries Insider Trading Policy (incorporated by reference to Exhibit 19.1 of the Registrant's Annual Report on Form 10-K (file No. 001-35366) filed with the SEC on March 31, 2025.
21.1	Subsidiaries of the Registrant.*
23.1	Consent Independent Registered Accounting Firm (KPMG LLP, New York, NY). *
31.1	Certification of Chairman, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

Exhibit Number	Exhibit Title
32.1	Certification of Chairman, President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
97.1	Clawback Policy of Fortress Biotech, Inc. (incorporated by reference to Exhibit 97.1 of the Registrant's Annual Report on Form 10-K (file No. 001-35366) filed with the SEC on March 28, 2024).
101.INS	Inline XBRL Instance Document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

Management contract or compensatory plan.

* Filed herewith.

**Furnished herewith.

***Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10) of Regulation S-K.

Item 16. Form 10-K Summary

None.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Fortress Biotech, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Fortress Biotech, Inc. and subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which it relates.

Valuation of Investment in Crystalys

As discussed in Notes 2 and 6 to the consolidated financial statements, the Company recorded the estimated fair value of its equity investment in Crystalys Therapeutics, Inc. (Crystalys) using an option pricing model backsolve method and level 3 inputs. Inputs used in calculating the fair value include risk free rate of return, volatility, and a discount for lack of marketability. The increase in the estimated fair value for the year ended December 31, 2025 was $15.1 million and is recorded as other income in the Consolidated Statement of Operations.

We identified the evaluation of the estimated fair value of the investment in Crystalys as a critical audit matter. Specifically, challenging and complex auditor judgment, including the involvement of valuation professionals with specialized skills and knowledge, was required in evaluating the estimated fair value of the investment in Crystalys due to the degree of subjectivity associated with the estimate, including the volatility assumption used in the valuation.

The following are the primary procedures we performed to address this critical audit matter. We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the estimated fair value of the investment in Crystalys by:

• developing an independent expectation of the expected volatility assumption based on publicly available market information for guideline public companies

• developing an independent estimate of the fair value of the investment in Crystalys using certain independently developed assumptions and comparing to the estimated fair value of the investment in Crystalys recorded by management.

/s/ KPMG LLP

We have served as the Company’s auditor since 2021.

New York, New York
March 31, 2026

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
($ in thousands except for share and per share amounts)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 79,381	$ 57,263
Accounts receivable, net	29,783	10,231
Inventory	9,624	14,431
Other receivables - related party	158	171
Prepaid expenses and other current assets	4,895	7,110
Assets held for sale	—	1,165
Total current assets	123,841	90,371
Property, plant and equipment, net	2,519	3,260
Operating lease right-of-use asset, net	12,302	13,861
Restricted cash	1,220	1,552
Equity investments, at fair value	17,660	2,585
Intangible assets, net	27,605	31,863
Other assets	401	731
Total assets	**$ 185,548**	**$ 144,223**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued expenses	$ 47,125	$ 65,501
Income taxes payable	356	932
Common stock warrant liabilities	1	214
Operating lease liabilities, short-term	2,127	2,623
Partner company installment payments - licenses, short-term	—	625
Other current liabilities	135	1,504
Total current liabilities	49,744	71,399
Notes payable, long-term, net	52,417	57,962
Operating lease liabilities, long-term	12,672	14,750
Partner company redeemable perpetual preferred liability	7,085	—
Other long-term liabilities	1,447	1,756
Total liabilities	**123,365**	**145,867**
Commitments and contingencies (Note 14)		
Stockholders' equity (deficit)		
Cumulative redeemable perpetual preferred stock, $0.001 par value, 15,000,000 authorized, 5,000,000 designated Series A shares, 3,427,138 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively, liquidation value of $25.00 per share	3	3
Common stock, $0.001 par value, 200,000,000 shares authorized, 31,364,094 and 27,908,839 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	31	28
Additional paid-in-capital	783,891	763,573
Accumulated deficit	(734,052)	(740,867)
Total stockholders' equity attributed to the Company	49,873	22,737
Non-controlling interests	12,310	(24,381)
Total stockholders' equity (deficit)	62,183	(1,644)
Total liabilities and stockholders' equity (deficit)	**$ 185,548**	**$ 144,223**

The accompanying notes are an integral part of these Consolidated Financial Statements.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
($ in thousands except for share and per share amounts)

	Year Ended December 31,	
	2025	2024
Revenue		
Product revenue, net	$ 61,239	$ 55,134
Collaboration revenue	—	1,500
Revenue - related party	—	41
Other revenue	2,023	1,000
Net revenue	63,262	57,675
Operating expenses		
Cost of goods - (excluding amortization of acquired intangible assets)	20,924	20,879
Amortization of acquired intangible assets	4,258	3,424
Research and development	11,901	56,629
Research and development - licenses acquired	—	252
Selling, general and administrative	96,400	87,731
Loss recovery	—	(4,553)
Asset impairment	—	3,692
Total operating expenses	133,483	168,054
Loss from operations	(70,221)	(110,379)
Other income (expense)		
Interest income	2,485	2,683
Interest expense and financing fee	(10,106)	(13,527)
Loss on common stock warrant liabilities	(398)	(638)
Gain from deconsolidation of subsidiary	27,127	—
Other income	17,578	1,318
Total other income (expense)	36,686	(10,164)
Loss before income tax expense	(33,535)	(120,543)
Income tax expense (benefit)	(620)	312
Net loss	**(32,915)**	**(120,855)**
Attributable to non-controlling interests	39,730	74,858
Net income (loss) attributable to Fortress	**$ 6,815**	**$ (45,997)**
Preferred A dividends declared and paid and/or cumulated, and Fortress' share of subsidiary deemed dividends	(8,697)	(9,893)
Net loss attributable to common stockholders	**$ (1,882)**	**$ (55,890)**
Net loss per common share attributable to common stockholders - basic & diluted	$ (0.07)	$ (2.69)
Weighted average common shares outstanding - basic & diluted	27,901,889	20,784,334

The accompanying notes are an integral part of these Consolidated Financial Statements.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
($ in thousands except for share and per share amounts)

For the Year Ended December 31, 2025

($ in thousands except for share amounts)	Series A Preferred Stock Shares		Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Non-Controlling Interests	Total Stockholders' Equity
Balance at December 31, 2024	**3,427,138**	**$ 3**	**27,908,839**	**$ 28**	**$ 763,573**	**$ (740,867)**	**$ (24,381)**	**$ (1,644)**
Stock-based compensation expense	—	—	—	—	28,739	—	—	28,739
Issuance of common stock related to equity plans	—	—	1,384,287	1	(1)	—	—	—
Issuance of common stock under ESPP	—	—	69,071	—	87	—	—	87
Exchange of partner company preferred shares	—	—	—	—	(265)	—	—	(265)
Warrant issued in conjunction with debt	—	—	—	—	1,314	—	—	1,314
Issuance of common stock for at-the-market offering, net	—	—	539,563	—	1,008	—	—	1,008
Partner companies' offerings, net and warrant exercises	—	—	—	—	61,274	—	—	61,274
Partner companies' at-the-market offering, net	—	—	—	—	19,052	—	—	19,052
Issuance of common stock under partner company's ESPP	—	—	—	—	217	—	—	217
Partner company's dividends declared and paid	—	—	—	—	(664)	—	—	(664)
Exercise of warrants for cash	—	—	1,574,699	2	2,645	—	—	2,647
Shares withheld related to net settlement of warrants	—	—	(112,365)	—	—	—	—	—
Reclass to liabilities for partner company perpetual preferred	—	—	—	—	(7,085)	—	—	(7,085)
Partner company's exercise of options for cash	—	—	—	—	349	—	—	349
Deconsolidation of subsidiary non-controlling interests	—	—	—	—	—	—	(9,931)	(9,931)
Changes in non-controlling interest in subsidiaries	—	—	—	—	(86,352)	—	86,352	—
Net income attributable to non-controlling interest	—	—	—	—	—	—	(39,730)	(39,730)
Net income attributable to common stockholders	—	—	—	—	—	6,815	—	6,815
Balance at December 31, 2025	**3,427,138**	**$ 3**	**31,364,094**	**$ 31**	**$ 783,891**	**$ (734,052)**	**$ 12,310**	**$ 62,183**

The accompanying notes are an integral part of these Consolidated Financial Statements.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
($ in thousands except for share and per share amounts)

For the Year Ended December 31, 2024

($ in thousands except for share amounts)	Series A Preferred Stock Shares		Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Non-Controlling Interests	Total Stockholders' Equity
Balance at December 31, 2023	**3,427,138**	**$ 3**	**15,093,053**	**$ 15**	**$ 717,396**	**$ (694,870)**	**$ (20,957)**	**$ 1,587**
Stock-based compensation expense	—	—	—	—	32,619	—	—	32,619
Issuance of common stock related to equity plans	—	—	582,323	1	(1)	—	—	—
Issuance of common stock under ESPP	—	—	69,482	—	99	—	—	99
Issuance of stock for equity offerings, net	—	—	8,006,058	8	17,396	—	—	17,404
Warrant issued in conjunction with debt	—	—	—	—	1,104	—	—	1,104
Issuance of common stock for at-the-market offering, net	—	—	1,957,331	2	3,732	—	—	3,734
Common shares issued for dividend on partner company's convertible preferred shares	—	—	64,747	—	114	—	—	114
Common shares issued for exchange of partner company's convertible preferred shares	—	—	2,028,345	2	3,406	—	—	3,408
Warrants issued in conjunction with exchange of partner company's convertible preferred shares	—	—	—	—	341	—	—	341
Preferred A dividends declared and paid	—	—	—	—	(4,016)	—	—	(4,016)
Partner companies' offerings, net	—	—		—	28,852	—	—	28,852
Partner companies' at-the-market offering, net	—	—	—	—	12,037	—	—	12,037
Issuance of common stock under partner company's ESPP	—	—	—	—	257	—	—	257
Partner company's dividends declared and paid	—	—	—	—	(694)	—	—	(694)
Exercise of warrants for cash	—	—	107,500	—	181	—	—	181
Exercise of partner company options and warrants for cash, net	—	—	—	—	22,184	—	—	22,184
Changes in non-controlling interest in subsidiaries	—	—	—	—	(71,434)	—	71,434	—
Net loss attributable to non-controlling interest	—	—	—	—	—	—	(74,858)	(74,858)
Net loss attributable to common stockholders	—	—	—	—	—	(45,997)	—	(45,997)
Balance at December 31, 2024	**3,427,138**	**$ 3**	**27,908,839**	**$ 28**	**$ 763,573**	**$ (740,867)**	**$ (24,381)**	**$ (1,644)**

The accompanying notes are an integral part of these Consolidated Financial Statements.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
($ in thousands)

	Year Ended December 31, 2025	2024
Cash Flows from Operating Activities:		
Net income (loss)	$ (32,915)	$ (120,855)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation expense	403	1,040
Loss on disposal of property and equipment	—	29
Bad debt (recovery) expense	(211)	516
Amortization of debt discount	1,404	2,054
Accretion of partner company convertible preferred shares	—	(737)
Gain on termination of partner company lease	(394)	—
Loss on extinguishment of debt	—	2,457
Amortization of acquired intangible assets	4,258	3,424
Settlement of partner company payables	(2,104)	—
Reduction in the carrying amount of operating lease right-of-use assets	1,943	2,846
Stock-based compensation expense	28,739	32,619
Change in fair value of investment	(15,075)	—
Common shares issued for dividend on partner company's convertible preferred shares	—	114
Change in fair value of partner companies' warrant liabilities	398	487
Research and development - licenses acquired, expense	—	250
Gain from deconsolidation of subsidiary	(27,127)	—
Asset impairment loss	—	3,692
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities:		
Accounts receivable	(19,341)	4,475
Inventory	4,807	(4,225)
Other receivables - related party	13	(4)
Prepaid expenses and other current assets	1,546	(624)
Other assets	330	968
Accounts payable and accrued expenses	(7,971)	(6,390)
Income taxes payable	(576)	89
Lease liabilities	(2,226)	(3,620)
Other liabilities	(1,678)	1,204
Net cash used in operating activities	(65,777)	(80,191)
Cash Flows from Investing Activities:		
Acquired intangible assets	—	(15,000)
Proceeds from sale of property and equipment	1,165	—
Net cash increase upon deconsolidation of subsidiary	8,956	—
Net cash provided by (used in) investing activities	10,121	(15,000)

The accompanying notes are an integral part of these Consolidated Financial Statements.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
($ in thousands)

	Year Ended December 31, 2025	2024
Cash Flows from Financing Activities:		
Payment of Series A perpetual preferred stock dividends	$ —	$ (4,016)
Proceeds from issuance of common stock for public offering, net	—	17,404
Proceeds from issuance of common stock for at-the-market offering, net	1,008	3,734
Proceeds from issuance of common stock under ESPP	87	101
Exercise of warrants for cash	2,647	181
Proceeds from partner companies' ESPP	217	257
Partner company's dividends declared and paid	(664)	(694)
Partner company's redemption of preferred shares	(265)	—
Proceeds from partner companies' equity offerings and warrant exercises, net	61,621	49,669
Proceeds from partner companies' at-the-market offering, net	19,052	12,037
Proceeds from exercise of partner company's options, net	—	207
Repayment of Oaktree Note and debt issuance costs	(5,561)	(51,000)
Repayment of partner company installment payments - licenses	(625)	(1,250)
Stock and warrants issued for exchange of partner company preferred shares	—	341
Proceeds from long-term debt, net	(75)	33,720
Proceeds from partner company's long-term debt, net	—	9,950
Net cash provided by financing activities	77,442	70,641
Net increase (decrease) in cash and cash equivalents and restricted cash	21,786	(24,550)
Cash and cash equivalents and restricted cash at beginning of period	58,815	83,365
Cash and cash equivalents and restricted cash at end of period	$ 80,601	$ 58,815
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 7,386	$ 7,159
Cash paid for income taxes	$ 49	$ 120
Supplemental disclosure of non-cash financing and investing activities:		
Exchange of partner company convertible preferred shares for common shares	$ —	$ 3,408
Fair value of assets received by partner company in repurchase transaction	$ —	$ 2,209
Fair value of supplies received by partner company expensed to research and development	$ —	$ 2,509
Partner company accounts receivable write-off related to repurchase transaction	$ —	$ (6,967)
Partner company accounts payable write-off related to repurchase transaction	$ —	$ 3,644
Partner company's deferred purchase consideration	$ —	$ (1,295)
Warrants issued in conjunction with debt	$ 1,314	$ 1,104
Unpaid debt offering cost	$ —	$ 118
Unpaid research and development licenses acquired	$ —	$ 250
Lease Liabilities arising from obtaining right-of-use assets	$ 457	$ 188

The accompanying notes are an integral part of these Consolidated Financial Statements.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1. Organization and Description of Business

Fortress Biotech, Inc. ("Fortress" or the "Company") is a biopharmaceutical company focused on acquiring and advancing assets to enhance long-term value for shareholders through product revenue, equity holding and dividend and royalty revenue streams. Fortress works in concert with its extensive network of key opinion leaders to identify and evaluate promising products and product candidates for potential acquisition. The Company has executed such arrangements in partnership with some of the world's foremost universities, research institutes and pharmaceutical companies, including City of Hope National Medical Center, Dana-Farber Cancer Institute, Nationwide Children's Hospital, Columbia University, the University of Pennsylvania, AstraZeneca plc, Dr. Reddy's Laboratories, Ltd., and Sun Pharmaceutical Industries Limited ("Sun Pharma").

Following the exclusive license or other acquisition of the intellectual property underpinning a product or product candidate, Fortress leverages its business, scientific, regulatory, legal and finance expertise to help its subsidiaries and partner companies achieve their goals. Partner and subsidiary companies then assess a broad range of strategic arrangements to accelerate and provide additional funding to support research and development, including joint ventures, partnerships, out-licensings, sales transactions, and public and private financings. To date, three partner companies are publicly-traded, and four subsidiaries have consummated strategic partnerships with industry leaders, including AstraZeneca plc as successor-in-interest to Alexion Pharmaceuticals, Inc. ("AstraZeneca"), Sentynl Therapeutics, Inc. ("Sentynl"), Axsome Therapeutics, Inc. ("Axsome"), and Sun Pharma.

Our subsidiary and partner companies that are pursuing development and/or commercialization of biopharmaceutical products and product candidates are: Journey Medical Corporation (Nasdaq: DERM, "Journey" or "JMC"), Mustang Bio, Inc. (Nasdaq: MBIO, "Mustang"), Avenue Therapeutics, Inc. (OTC: ATXI, "Avenue"), Cellvation, Inc. ("Cellvation"), Cyprium Therapeutics, Inc. ("Cyprium"), Helocyte, Inc. ("Helocyte"), Oncogenuity, Inc. ("Oncogenuity") and Urica Therapeutics, Inc. ("Urica"). Checkpoint Therapeutics, Inc. ("Checkpoint"), previously a partner company, was acquired by Sun Pharma in May 2025. Baergic Bio, Inc. ("Baergic"), previously a subsidiary of Avenue, was acquired by Axsome in November 2025.

As used throughout this filing, the words "we", "us" and "our" may refer to Fortress individually, to one or more of its subsidiaries and/or partner companies, or to all such entities as a group, as dictated by context. Generally, "subsidiary" refers to a private Fortress subsidiary, "partner company" refers to a public Fortress subsidiary, and "partner" refers to an entity with whom one of the foregoing parties has a significant business relationship, such as an exclusive license or an ongoing product-related payment obligation. The context in which any such term is used throughout this document, however, may dictate a different construal from the foregoing.

Liquidity and Capital Resources

Since inception, the Company's operations have been financed primarily through the sale of equity and debt securities, from the sale of subsidiaries/partner companies, and the proceeds from the exercise of warrants. The Company has incurred losses from operations and negative cash flows from operating activities since inception and expects to continue to incur losses from operations for the next several years as it continues to develop and commercialize its existing and new product candidates. The Company is also required to comply with the financial covenants in its loan agreement as described in Note 9. Current cash and cash equivalents of $35.2 million for Fortress and private subsidiaries primarily funded by Fortress ("Parent Entity") are considered sufficient to fund the Parent Entity's operations for at least 12 months following the date of filing of the Company's Annual Report on 10-K. However, the Company will need to raise additional funding through strategic relationships, public or private equity or debt financings, sale of partner companies and other assets, including the PRV discussed in Note 20, grants or other arrangements to develop and prepare regulatory filings and obtain regulatory approvals for the existing and new product candidates, fund operating losses, and, if deemed appropriate, establish or secure through third parties manufacturing for the potential products, sales and marketing capabilities. If such funding is not available or not available on terms acceptable to the Company, the Company's current development plans and plans for expansion of its general and administrative infrastructure may be curtailed. Fortress also has the ability, subject to limitations imposed by Rule 144 of the Securities Act of 1933 and other applicable laws and regulations, to raise money from the sale of common stock of the public companies in which it has ownership positions.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Company's Consolidated Financial Statements have been prepared in conformity with GAAP. The Company's Consolidated Financial Statements include the results of the Company's subsidiaries for which it has voting control but does not own 100% of the outstanding equity of the subsidiaries. For consolidated entities where the Company owns less than 100% of the subsidiary, but retains voting control, the Company records net loss attributable to non-controlling interests in its Consolidated Statements of Operations and presents non-controlling interests as a component of stockholders' equity on its Consolidated Balance Sheets. All intercompany income and/or expense items are eliminated entirely in consolidation prior to the allocation of net gain/loss attributable to non-controlling interest, which is based on ownership interests as calculated quarterly for each subsidiary.

Use of Estimates

The preparation of the Company's Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of expenses during the reporting period. The Company's significant estimates include, but are not limited to, provisions for coupons, chargebacks, wholesaler fees, specialty pharmacy discounts, managed care rebates, product returns, inventory realization, valuation of intangible assets, useful lives assigned to long-lived assets and amortizable intangible assets, fair value of stock options and warrants, stock-based compensation, common stock issued to acquire licenses, accrued expenses and contingencies. Due to the uncertainty inherent in such estimates, actual results may differ from these estimates.

Revenue Recognition

The Company records and recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company's revenues primarily result from contracts with customers, which are generally short-term and have a single performance obligation – the delivery of product. The Company's performance obligation to deliver products is satisfied at the point in time that the goods are received by the customer, which is when the customer obtains title to and has the risks and rewards of ownership of the products. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Many of the Company's products sold are subject to a variety of deductions. Revenues are recorded net of provisions for variable consideration, including coupons, chargebacks, wholesaler fees, specialty pharmacy discounts, managed care rebates, product returns, and other deductions customary to the pharmaceutical industry. Accruals for these provisions are presented in the Consolidated Financial Statements as reductions to gross sales in determining net sales and as a contra asset within accounts receivable, net (if settled via credit) and other current liabilities (if paid in cash). Amounts recorded for revenue deductions can result from a series of judgements about future events and uncertainties and can rely on estimates and assumptions. The following section briefly describes the nature of the Company's provisions for variable consideration and how such provisions are estimated:

Coupons — The Company offers coupons on products for qualified commercially-insured parties with prescription drug co-payments. Such product sales flow through both traditional wholesaler and specialty pharmacy channels. Coupons are processed and redeemed at the time of prescription fulfilment by the pharmacy. The majority of the coupon reserve accrual at the end of the period reflects expected redemptions for product in the distribution channel. The expected accrual reserve requires us to estimate the distribution channel inventory at period end, the expected redemption rates, and the cost per coupon claim that the Company expects to receive. The estimate of product remaining in the distribution channel is comprised of estimated inventory at the wholesaler as well as an estimate at the specialty pharmacies, which the Company estimates based upon historical ordering patterns. The estimated redemption rate is based on historical redemptions as a percentage of units sold. The cost per coupon is based on the coupon rate.

Chargebacks and Government Chargebacks — The Company sells a portion of its products indirectly through wholesaler distributors to contracted indirect customers and qualified government healthcare providers. The Company enters into specific agreements with or provides discounts to these indirect customers and entities to establish pricing for the Company's products, and in turn, the indirect customers and entities independently purchase these products. The Company's provision for chargebacks is based on expected sell-through levels by the Company's wholesale customers to the indirect customers and estimated wholesaler inventory levels as well as historical chargeback rates. The Company continually monitors its reserve for chargebacks and adjusts the reserve accordingly when expected chargebacks differ from actual experience.

Wholesaler fees — The Company provides allowances to its wholesale customers for sales order management, data, and distribution services. The Company also pays administrative and other fees to certain wholesale customers consistent with pharmaceutical industry practices. The Company records a provision for these fees based on contracted rates. Assumptions used to establish the provision include contract sales volumes and average contract pricing. The Company regularly reviews the information related to these estimates and adjusts the provision accordingly.

Specialty Pharmacy Discounts — The Company has in place contractual arrangements with specialty pharmacies and provides for contractually agreed upon discounts. These discounts are recorded at the time of sale based on the customer's contracted rate and recorded as a reduction of revenue.

Managed Care Rebates — The Company is subject to rebates in connection with its agreements with certain contracted commercial payers. The Company estimates its managed care rebates based on the Company's estimated payer mix and the applicable contractual rebate rate. The Company's accrual for managed care rebates is based on an estimate of future claims that the Company expects to receive, which considers an estimate for inventory in the distribution channel. The accrual is recognized at the time of sale, resulting in a reduction of gross product revenue.

Product Returns — Consistent with industry practice, the Company offers customers a right to return any unused product. The customer's right of return commences six months prior to product expiration date and ends one year after product expiration date. Products returned for expiration are reimbursed at current wholesale acquisition cost or indirect contract price. The Company estimates the amount of its product sales that may be returned by the Company's customers and accrues this estimate as a reduction of revenue in the period the related product revenue is recognized. The Company estimates products returns as a percentage of sales to its customers.

Collaboration Revenue

The Company's collaboration revenue includes contingent milestone-based payments contractually owed to the Company under collaboration agreements that the Company recognizes as income when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur, which is typically when the milestone is achieved.

Fair Value Measurement

The Company follows accounting guidance on fair value measurements for financial assets and liabilities measured at fair value on a recurring basis. Under the accounting guidance, fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The accounting guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- *Level 1*: Quoted prices in active markets for identical assets or liabilities.
- *Level 2*: Observable inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.
- *Level 3*: Unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

Certain of the Company's working capital assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities, are not measured at fair value on a recurring basis but are recorded at amounts that approximate their fair value due to their liquid or short-term nature. The carrying value of our notes payable approximates their fair value as the interest rate is variable and approximates the market rate for loans with similar terms and risk characteristics.

Segment Reporting

The Company views its operations and manages its business in segments that align with the Company's public subsidiaries with Fortress being comprised of the parent entity and the private subsidiaries, including intersegment revenue consisting of various fees paid by the subsidiaries to Fortress that are eliminated in consolidation. Each public subsidiary is a biopharmaceutical company focused on acquiring, developing, and commercializing assets in different therapeutic and disease areas. The Company's chief operating decision maker ("CODM") is its chief executive officer.

The CODM reviews profit and loss information for each segment to assess the performance of the Company and each of its public subsidiaries. The accounting policies of the segments are the same as those described in this Note 2. See Note 18 for segment information.

Cash and Cash Equivalents

The Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at December 31, 2025 and 2024, consisted of cash and certificates of deposit in institutions in the United States. The Company maintains its cash and cash equivalent balances with high-quality financial institutions and, consequently, the Company believes that such funds are currently adequately protected against credit risk. At times, portions of the Company's cash and cash equivalents may be uninsured or in deposit accounts that exceed Federal Deposit Insurance Corporation ("FDIC") limits, though the Company customarily invests a significant portion of its cash in Insured Cash Sweep ("ICS") accounts to maximize FDIC insurance coverage across its holdings. As of December 31, 2025, the Company had not experienced losses on these accounts, and management believes the Company is not exposed to significant risk on such accounts. The Company's cash equivalents and investments may comprise money market funds that are invested in U.S. Treasury obligations, corporate debt securities, U.S. Treasury obligations and government agency securities.

Property and Equipment

Computer equipment, furniture and fixtures and machinery and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the estimated useful lives or the term of the respective leases.

Assets Held for Sale

Assets held for sale represent assets that have met the criteria of "held for sale" accounting, as specified by Accounting Standards Codification ("ASC") 360, "Long-lived Assets." As of December 31, 2024, there were $1.2 million of lab and cell processing equipment, furniture and fixtures and computer equipment that were recorded as assets held for sale. The effect of suspending depreciation on the assets held for sale is immaterial to the results of operations. The assets held for sale were part of Mustang's repurchase of assets from uBriGene (Boston) Biosciences, Inc. ("uBriGene") (see Note 3). In February 2025, Mustang completed the sale of these assets.

Intangible Assets

The Company's finite-lived intangible assets consist of intangible assets acquired by Journey. Intangible assets are reported at cost, less accumulated amortization and impairments. Intangible assets with finite lives are amortized over their estimated useful lives, which represents the estimated life of the product. Amortization is calculated primarily using the straight-line method.

During the ordinary course of business, the Company has entered into certain licenses and asset purchase agreements. Potential milestone payments for achieving sales targets or regulatory development milestones are recorded when it is probable of achievement. Upon a milestone being achieved, the milestone payment will be capitalized and amortized over the remaining useful life for approved products and expensed for milestones prior to the U.S. Food and Drug Administration ("FDA") approval. Royalty payments for approved products are recorded as cost of goods sold as sales are recognized.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including intangible assets with finite useful lives, for impairment at least annually or whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable (a "triggering event"). Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the long-lived asset in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset group for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset group to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset group are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset group over its fair value, determined based on discounted cash flows. During the year ended December 31, 2024, Mustang recorded an asset impairment charge of $3.7 million (see Note 5). During the year ended December 31, 2025 there were no asset impairments.

Restricted Cash

The Company records cash held in trust or pledged to secure certain debt obligations as restricted cash. As of December 31, 2025 and 2024, the Company had $1.2 million and $1.6 million, respectively, of restricted cash representing pledges to secure letters of credit in connection with certain office leases and, in 2024, an undertaking posted by Cyprium to secure potential damages in an injunctive proceeding.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash from the Consolidated Balance Sheets to the Consolidated Statements of Cash Flows as of the dates presented:

	December 31,	
	2025	2024
Cash and cash equivalents	$ 79,381	$ 57,263
Restricted cash	1,220	1,552
Total cash and cash equivalents and restricted cash	$ 80,601	$ 58,815

Inventories

The Company's inventory consists of raw materials, work-in-process and finished goods supporting Journey's sales of dermatology products. Inventories are recorded at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis. The Company periodically reviews the composition of inventory in order to identify excess, obsolete, slow-moving or otherwise non-saleable items taking into account anticipated future sales compared with quantities on hand, and the remaining shelf life of goods on hand. If non-saleable items are observed and there are no alternate uses for the inventory, the Company records a write-down to net realizable value in the period that the decline in value is first recognized. The Company's inventory reserves were $1.0 million and $0.5 million at December 31, 2025 and 2024, respectively.

Investment in Equity Securities

The Company invests in certain entities over which it holds significant influence but not control. Generally, such investments would be accounted for using the equity method of accounting. However, for those investments for which the Company has elected the fair value option, the Company measures such investments at fair value on the Consolidated Balance Sheet with subsequent changes in fair value recognized in other (income) expense, net on the Company's Consolidated Statement of Operations. The Company elected the fair value option for certain investments that would otherwise have been accounted for using the equity method because the Company believes that fair value measurement provides more relevant information for users of its financial statements and is consistent with the Company's investment strategy.

Accounts Receivable, Net

The Company's accounts receivable consists of amounts due from customers to Journey related to dermatological product sales and have payment terms. For certain customers, the accounts receivable for the customer are net of prompt payment or specialty pharmacy discounts. The Company monitors the financial performance and creditworthiness of its customers so that it can properly assess and respond to changes in their credit profile. The Company reserves against accounts receivable for estimated losses that may arise from a customer's inability to pay, and any amounts determined to be uncollectible are written off against the reserve when it is probable that the receivable will not be collected. The Company has historically not experienced significant credit losses. The allowance for doubtful accounts was $0.2 million and $0.6 million at December 31, 2025 and 2024, respectively.

Research and Development

Research and development costs are expensed as incurred. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made. Upfront and milestone payments due to third parties that perform research and development services on the Company's behalf will be expensed as services are rendered or when the milestone is achieved.

Research and development costs primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, and costs associated with regulatory filings, laboratory costs and other supplies.

In accordance with ASC 730-10-25-1, *Research and Development*, costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached commercial feasibility and has no alternative future use. Such licenses purchased by the Company require substantial completion of research and development, regulatory and marketing approval efforts in order to reach commercial feasibility and has no alternative future use. Accordingly, the total purchase price for the licenses acquired is reflected in research and development – licenses acquired in the Company's Consolidated Statements of Operations.

Accrued Research and Development Expense

The Company records accruals for estimated costs of research, preclinical, clinical and manufacturing development within accrued expenses which are significant components of research and development expenses. A substantial portion of the Company's ongoing research and development activities is conducted by third-party service providers. Costs incurred under agreements with these third parties are accrued based on estimates of actual work completed in accordance with the respective agreements. Estimated costs are determined through discussions with internal personnel and external service providers as to the progress, or stage of completion or actual timeline (start-date and end-date) of the services and the agreed-upon fees to be paid for such services. Payments made to third parties under these arrangements in advance of the performance of the related services are recorded as prepaid expenses until the services are rendered.

If the actual timing of the performance of services or the level of effort varies from the estimate, accrued expenses or prepaid expenses are adjusted accordingly, which impact research and development expenses. Estimates are not expected to be materially different from amounts actually incurred, understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period.

Contingencies

The Company records accruals for contingencies and legal proceedings expected to be incurred in connection with a loss contingency when it is probable that a liability has been incurred and the amount can be reasonably estimated.

If a loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Warrants

The Company and its subsidiaries have issued freestanding warrants to purchase shares of common stock in connection with financing activities (see Note 13) and accounts for them in accordance with applicable accounting guidance as either liabilities or as equity instruments depending on the specific terms of the warrant agreements. Warrants classified as liabilities are remeasured each period in which they are outstanding. Any resulting gain or loss related to the change in the fair value of the warrant liability is recognized in change in fair value of warrant liabilities (see Note 6), a component of other income (loss), in the Consolidated Statements of Operations.

Leases

The Company accounts for its leases under ASC 842, *Leases*. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the Consolidated Balance Sheet as both a right-of-use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. For finance leases, interest on the lease liability and the amortization of the right-of-use asset results in front-loaded expense over the lease term. Variable lease expenses are recorded when incurred.

In calculating the right-of-use asset and lease liability, the Company elects to combine lease and non-lease components.

Issuance of Debt and Equity

Fortress and its partner companies and subsidiaries issue complex financial instruments which include equity and/or debt features. We analyze each instrument under ASC 480, *Distinguishing Liabilities from Equity,* ASC 815, *Derivatives and Hedging* and, ASC 470, *Debt*, in order to establish whether such instruments should be classified as debt or equity in the financial statements, and whether they include any embedded derivatives.

We accounted for the debt with Oaktree with detachable warrants in accordance with ASC 470, *Debt*, and assessed the classification of the common stock purchase warrants issued in connection with such transactions and determined that such instruments met the criteria for equity classification. The note proceeds were allocated between the Oaktree note and the warrants on a relative fair value basis.

The Company recorded the related issue costs and value ascribed to the warrants as a debt discount of the 2024 Oaktree Note (see Note 9). The discount is being amortized utilizing the effective interest method over the term of the 2024 Oaktree Note, which was approximately 16.38% at December 31, 2025 and was 15.39% at December 31, 2024.

Stock-Based Compensation

The Company expenses stock-based compensation to employees and non-employees over the requisite service period based on the estimated grant-date fair value of the awards and forfeitures, which are recorded upon occurrence. The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model. The assumptions used in calculating the fair value of stock-based awards represent management’s best estimates and involve inherent uncertainties and the application of management’s judgment.

Income Taxes

The Company accounts for income taxes under ASC 740, *Income Taxes* ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim period, disclosure and transition. Based on the Company's evaluation, as of December 31, 2025 and December 31, 2024, the Company has recorded a liability related to an uncertain tax position of $0.2 million and $0.9 million, respectively. The 2022 through 2024 tax years are the only periods subject to examination upon filing of appropriate tax returns. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

The Company's policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. As of December 31, 2025 and December 31, 2024, the Company accrued interest related to uncertain tax positions of $0.1 million and $0.2 million, respectively. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

Net Loss Per Common Share

Basic net loss per share attributed to common stockholders is calculated by dividing the net loss attributed to Fortress, less the Series A Preferred Dividend declared and paid and/or cumulated, and Fortress' share of subsidiary deemed dividends, by the weighted-average number of shares of Common Stock outstanding during the period, not including unvested restricted stock and other potentially dilutive securities, such as warrants, stock options, restricted stock units, and restricted stock. For diluted net loss per share attributed to common stockholders, restricted stock and other potentially dilutive securities are included in the denominator using the treasury stock method, if dilutive. The impact of these items is anti-dilutive during periods of net loss.

Non-Controlling Interests

The Company records net loss attributable to non-controlling interests in its Consolidated Statements of Operations and presents non-controlling interests as a component of stockholders' equity on its Consolidated Balance Sheets. All intercompany income and/or expense items are eliminated entirely in consolidation prior to the allocation of net gain/loss attributable to non-controlling interest, which is based on a quarterly calculation of ownership interests for each relevant subsidiary.

Subsidiary Class A preferred shares and Class A common shares, if issued, are included in the ownership calculation on a 1:1 basis consistent with how the relevant contractual agreements provide for the allocation and distribution of earnings. These shares, if any, are convertible at Fortress' election on a 1:1 basis into common stock (with adjustments for stock splits, if any) and upon conversion would have the same voting rights as the common stock. Only Class A preferred stock and Class A common stock held by Fortress have majority voting rights, which rights would terminate upon conversion into common stock. The Company allocates the subsidiaries' net loss/income to the non-controlling interest on a quarterly basis, and the calculation of non-controlling interest ownership percentage is determined as the average of the prior quarter and the current quarter's non-controlling ownership interest.

The Company continually assesses whether changes to existing relationships or future transactions may result in the consolidation or deconsolidation of subsidiaries and/or partner companies.

Comprehensive Loss

The Company's comprehensive loss is equal to its net loss for all periods presented.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which expands disclosures in an entity's income tax rate reconciliation table and disclosures regarding cash taxes paid both in the U.S. and foreign jurisdictions. The update is effective for annual periods beginning after December 15, 2024. The Company adopted ASU 2023-09 during its fiscal year ending December 31, 2025, on a prospective basis for annual periods, as permitted by the standard. Adoption of ASU 2023-09 resulted in expanded income tax disclosures, including a more disaggregated reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate. The Company's enhanced income tax disclosures required by ASU 2023-09 are presented in Note 17 to the Consolidated Financial Statements.

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*, which requires new financial statement disclosures in tabular format, in the notes to financial statements, of specified information about certain costs and expenses. The amendments in this update do not change or remove current expense disclosure requirements. The amendments in this update are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of the new standard on its financial statement disclosures.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The guidance provides a practical expedient that can be elected to be applied to accounts receivable and contract assets, which would allow entities to assume that current conditions as of the balance sheet date do not change for the remaining life of the assets when estimating expected credit losses for such assets. Entities are required to apply the guidance on a prospective basis. This update will be effective for the interim and annual periods beginning after December 15, 2025. Early adoption is permitted. The Company is currently evaluating the update to determine the impact the adoption will have on its Consolidated Financial Statements.

3. Asset Purchase and Merger Agreements

Avenue

Sale of Baergic

In November 2025, Avenue announced the acquisition of its subsidiary Baergic by Axsome. Under the terms of the stock purchase agreement, Baergic shareholders received a $0.3 million upfront payment (less transaction expenses incurred by Avenue) and are eligible to receive as contingent consideration: (i) milestone payments of up to $2.5 million upon the occurrence of certain development and regulatory events for the first indication for AXS-17 (formerly known as BAER-101) and $1.5 million for each indication thereafter, (ii) up to $79 million in potential sales-based commercial milestones, and (iii) a tiered mid-to-high single-digit royalty on potential global net sales of AXS-17. For all subsequent payments payable under the agreement, Avenue expects to enter into a payment agreement with a paying agent, and Avenue expects to receive approximately 74% of all future payments and royalties payable under the agreement. As a result of the Axsome transaction, Avenue deconsolidated Baergic as of November 5, 2025 and recognized a gain of $0.2 million on the deconsolidation of Baergic, including the portion of the upfront payment related to the reimbursement of transaction expenses, within general and administrative expenses in the Consolidated Statement of Operations for the year ended December 31, 2025.

Agreements with InvaGen

In November 2018, Avenue entered into a Stock Purchase and Merger Agreement (the "Avenue SPMA") with InvaGen Pharmaceuticals Inc. In November 2021, Avenue delivered InvaGen notice of termination of the Avenue SPMA and, in July 2022, Avenue entered into a Share Repurchase Agreement (the "Avenue SRA") with InvaGen which closed in October 2022. In connection with the closing of the Avenue SRA, Avenue repurchased all shares of common stock of Avenue held by InvaGen, and all of the rights retained by InvaGen pursuant to the Stockholders Agreement entered into by and among Avenue, InvaGen and Fortress on November 12, 2018 were terminated. Under the Avenue SRA, Avenue agreed to pay InvaGen seven and a half percent (7.5%) of the proceeds from future financings, up to $4 million, which the Company accounts for as a derivative. Due to the uncertainty related to future financings, the estimated fair value of the derivative is not material. The Company recognizes changes in fair value within general and administrative expenses in the consolidated statement of operations. In connection with funds raised in 2025 and 2024 (see Note 13), Avenue made payments totaling $0.2 million and $0.7 million, respectively, to InvaGen. Approximately $1.4 million in aggregate has been paid to InvaGen under the Share Repurchase Agreement as of December 31, 2025.

Checkpoint

On March 9, 2025, Checkpoint entered into an Agreement and Plan of Merger (the "Merger Agreement") with Sun Pharmaceutical Industries, Inc., a Delaware corporation ("Sun Pharma" or "Parent"), and Snoopy Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"). The Merger Agreement provided that, on the terms and subject to the conditions set forth in the Merger Agreement, Parent, Merger Sub and Checkpoint would effect a merger of Merger Sub with and into Checkpoint (the "Merger"), with Checkpoint continuing as the surviving corporation of the Merger and a wholly owned subsidiary of Parent.

On April 23, 2025, Checkpoint filed a definitive proxy statement relating to the Merger Agreement and established May 28, 2025 as the date for a special meeting of Checkpoint stockholders to vote on the Merger. Following the approval of the Merger by requisite majorities of holders of Checkpoint shares at the special meeting, the transaction closed on May 30, 2025. As a result of the Merger, the Company deconsolidated Checkpoint as of May 2025 and accounted for the deconsolidation as a sale of a business. The Company received $25.1 million in cash proceeds from the sale in June 2025, and an additional $2.9 million in cash proceeds in July 2025. After the effect of the deconsolidation of Checkpoint's net liabilities of $10.8 million and non-controlling interests of $9.9 million, the Company recorded a $27.1 million gain on deconsolidation of Checkpoint in the accompanying Consolidated Statements of Operations. The Company considers the sale of Checkpoint to be consistent with its ongoing strategy to opportunistically monetize investments in biopharma companies and assets, and therefore concluded that the sale did not represent a strategic shift that would be accounted for as a discontinued operation.

Pursuant to the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of common stock and each share of Class A common stock of Checkpoint (collectively, the "Shares") (including each unvested Checkpoint restricted share) outstanding immediately prior to the Effective Time was canceled and ceased to exist and was converted into the right to receive (i) $4.10 in cash, without interest (the "Common Cash Amount"), and (ii) one non-tradable contingent value right (a "CVR"), which represents the right to receive a contingent cash payment of up to $0.70 upon the achievement of specified milestones, subject to and in accordance with the terms and conditions set forth in a Contingent Value Rights Agreement that was entered into at the Effective Time (the "CVR Agreement"), as further described below (the foregoing clauses (i) and (ii), the "Merger Consideration"), in each case subject to applicable withholding taxes.

CVR Agreement

Pursuant to the Merger Agreement, Parent and a rights agent (the "Rights Agent") entered into the CVR Agreement governing the terms of the CVRs issued in connection with the Merger. The Rights Agent will maintain an up-to-date register of the holders of CVRs (the "Holders"). Holders shall not be permitted to transfer the CVRs (subject to certain limited exceptions as set forth in the CVR Agreement).

Each CVR represents the right to receive one of the following contingent cash payments, without interest, subject to any applicable withholding taxes (such applicable payment, the "Milestone Payment"), conditioned upon the achievement of the corresponding milestone condition within the following specified time periods:

(i) $0.70, if the Milestone (as defined below) is first achieved on or prior to the date that is 12 months prior to Milestone Deadline Date (as defined below) and the applicable regulatory approval provides for a dosing schedule of once every three weeks,

(ii) $0.45, if the Milestone is first achieved on or prior to the date that is 12 months prior to the Milestone Deadline Date and the applicable regulatory approval provides for a dosing schedule that is more frequent than once every three weeks,

(iii) $0.45, if the Milestone is first achieved after the date that is 12 months prior to the Milestone Deadline Date but on or prior to the Milestone Deadline Date, and the applicable regulatory approval provides for a dosing schedule of once every three weeks, or

(iv) $0.20, if the Milestone is first achieved after the date that is 12 months prior to the Milestone Deadline Date but on or prior to the Milestone Deadline Date, and the applicable regulatory approval provides for a dosing schedule that is more frequent than once every three weeks.

As used in the CVR Agreement, (a) the "Milestone Deadline Date" means the date that is 36 months after the date on which a marketing authorization application or equivalent for cosibelimab receives a positive validation outcome by the European Medicines Agency (the "EMA") and (b) the "Milestone" means the receipt of regulatory approval of cosibelimab in (i) the European Union pursuant to the centralized approval procedure or (ii) any of Germany, France, Italy, Spain or the United Kingdom.

Parent (directly or through its affiliates) is obligated to use, and to obligate its licensees to use, certain specified commercially reasonable efforts to (i) file a marketing authorization application for cosibelimab with the EMA within 12 months of the Closing Date or, to the extent any feedback or communications from, or expectations or requirements of, the EMA (including additional trial requirements) make it impracticable or inadvisable to file such marketing authorization application within such time period, as promptly thereafter as practicable, and (ii) achieve the Primary Milestone (as defined in the CVR Agreement) in its then-maximum value as promptly as practicable (including timely filing any appeals and curing any deficiencies identified in a relevant marketing authorization application by the relevant regulatory authority). Parent's obligations to use such commercially reasonable efforts terminates on the earlier of (a) the Milestone Deadline Date and (b) the achievement of the Milestone. There can be no assurance that the Milestone will be achieved on or before the Milestone Deadline Date, or that any Milestone Payments will be made. The Company is treating the CVR as contingent consideration that would not be recognized until the achievement of the specified milestones. As of December 31, 2025, the specified milestones have not been met, and the Company has not recorded any value associated with the CVR.

Warrant Amendment

Additionally, in connection with the Checkpoint's entry into the Merger Agreement, Checkpoint entered into a letter agreement (the "Warrant Amendment"), dated as of March 9, 2025, with Armistice Capital Master Fund Ltd., a Cayman Islands exempted company ("Armistice"). Pursuant to the Warrant Amendment, Checkpoint and Armistice agreed (i) to, immediately prior to the Effective Time, amend all outstanding Checkpoint Warrants held by or issued to Armistice or any of its affiliates other than the Specified Warrant (the "Armistice Warrants") to provide that each such Armistice Warrant that remains outstanding and unexercised as of the Effective Time will automatically be converted into the right to receive an amount in cash equal to the product of (a) the number of shares of Checkpoint common stock underlying such Armistice Warrant, multiplied by (b) the excess, if any, of (1) $4.10 over (2) the per share exercise price for such Armistice Warrant, less any applicable tax withholdings and (ii) one CVR in respect of each share underlying such Armistice Warrants, and (ii) that at the Effective Time, to the extent that any portion of that certain warrant to purchase 5,853,659 Shares, dated as of July 2, 2024 (the "Specified Warrant"), remains outstanding and unexercised as of the Effective Time, the Specified Warrant will be converted into the right of Armistice to receive, for each Share underlying the Specified Warrant, a cash payment equal to $3.62. The Warrant Amendment also provides that Armistice will not be entitled to transfer the Armistice Warrants prior to the Effective Time unless the Merger Agreement is validly terminated in accordance with its terms prior to the Effective Time.

Royalty Agreement

Concurrently with the execution of the Merger Agreement, Checkpoint entered into a Royalty Agreement (the "Royalty Agreement") with Parent and Fortress pursuant to which Fortress will receive a royalty interest right based on worldwide net sales of certain products of Checkpoint and Parent. The royalty interest right represents the right to receive quarterly cash payments of 2.5% of net sales of such products during the royalty period set forth in the Royalty Agreement. No royalty revenue was recognized for the year ended December 31, 2025.

Transition Services Agreement

Pursuant to the Merger Agreement, as of the Effective Time, Checkpoint and Fortress entered into a Transition Services Agreement (the "Transition Services Agreement"), pursuant to which, from and after the Effective Time, Fortress would provide Checkpoint with certain transition services as set forth in the Transition Services Agreement, for the period of time and in exchange for the compensation set forth therein. The Transition Services Agreement expired on September 15, 2025.

Mustang

Agreements with uBriGene (Boston) Biosciences, Inc. ("uBriGene")

In May 2023, Mustang agreed to sell its Worcester, Massachusetts cell-processing facility assets to uBriGene under an Asset Purchase Agreement, as later amended. The sale closed on July 28, 2023, for $6.0 million in cash, and Mustang recorded a gain of $1.4 million in connection with the equipment and facility assets transferred (excluding the facility lease) and recorded $0.3 million of the base consideration as deferred income that would have been recognized upon transfer of the facility lease. Mustang and uBriGene submitted a voluntary joint notice to the U.S. Committee on Foreign Investment in the United States ("CFIUS"). Following CFIUS's review, Mustang, together with uBriGene and CFIUS, entered into a National Security Agreement ("NSA") on May 13, 2024, requiring Mustang and uBriGene to terminate all related agreements and abandon the original transaction. The NSA also obligated uBriGene to sell or otherwise dispose of the equipment assets purchased within 180 days after the execution of the NSA.

In June 2024, Mustang entered into a new Asset Purchase Agreement with uBriGene to repurchase the previously transferred equipment assets and supplies for total consideration of approximately $4.7 million. Mustang agreed to pay uBriGene a total purchase price of $1.4 million consisting of (i) an upfront payment of $0.1 million due and (ii) $1.3 million due twelve (12) months after the closing date (the "Deferred Amount"). In the event that on the date the Deferred Amount is payable, Mustang has net assets below $20 million, Mustang may, upon written notice to uBriGene, elect to delay its payment obligation by an additional six (6) months, and the Deferred Amount will accrue interest at a rate of 5% per annum beginning on that date twelve months after closing and until the Deferred Amount is paid in full.

The $4.7 million purchase consideration was allocated to the repurchased equipment and supplies based on a relative fair value basis. Mustang used a third-party to perform a valuation of the repurchase equipment, which resulted in fair value less costs to sell of approximately $2.2 million. The remaining $2.5 million was allocated to the supplies repurchased and were expensed to research and development expense, as Mustang determined that there was no alternative future use. The repurchased equipment was classified as held for sale at the acquisition date. In February 2025, Mustang completed the sale of these assets (see Note 5).

Cyprium

Agreement with Sentynl

In 2021, Cyprium entered into a development and asset purchase agreement (the "Sentynl APA") with Sentynl, a U.S.-based specialty pharmaceutical company owned by the Zydus Group. Under the Sentynl APA, Sentynl provided $8.0 million of upfront development funding for Cyprium's CUTX-101 program, with Cyprium remaining in control of development of such program; upon approval of the NDA for CUTX-101 by the FDA, Cyprium would be obligated to assign the NDA and certain other assets pertaining to the CUTX-101 program to Sentynl, after which point Sentynl would commercialize the drug and owe Cyprium royalties and regulatory and sales milestones.

The Sentynl APA contained an alternative "Approval Deadline Transfer" mechanism pursuant to which, in the event that CUTX-101 NDA approval had not been obtained by September 30, 2023, then Sentynl could elect, during the subsequent 45-day period, to assume control over development of CUTX-101 by effecting a Closing under the Sentynl APA. Cyprium received notice of Sentynl's election to effect the Approval Deadline Transfer during such 45-day period, and the Closing of such transfer occurred in December 2023. The Approval Deadline Transfer obligated Sentynl to pay Cyprium $4.5 million in connection with the Closing. There were no further obligations required by Cyprium in regards to the $4.5 million.

Following such Closing, Sentynl was obligated to use commercially reasonable efforts to develop and commercialize CUTX-101, including the funding of the same. Additionally, Cyprium remains eligible to receive up to $128 million in aggregate sales milestones under the Agreement, and royalties on net sales of CUTX-101 as follows: (i) 3% of annual net sales up to $75 million; (ii) 8.75% of annual net sales between $75 million and $100 million; and (iii) 12.5% of annual net sales in excess of $100 million.

In December 2024, the NDA for CUTX-101 was accepted by the FDA. The NDA, which has been granted Priority Review, had an assigned Prescription Drug User Fee Act ("PDUFA") target action date of September 30, 2025. Cyprium received a milestone payment of $1.5 million from Sentynl that was due upon NDA acceptance, which was recorded as collaboration revenue by Fortress in its Consolidated Statements of Operations for the year ended December 31, 2024.

In October 2025 the Company and Cyprium announced that the FDA had issued a CRL related to the CUTX-101 NDA. On November 25, 2025, Sentynl notified Cyprium that Sentynl had resubmitted the NDA for CUTX-101 to the FDA. On December 15, 2025 the Company and Cyprium announced that the NDA resubmission was accepted by the FDA and the PDUFA target action date of January 14, 2026 was assigned. On January 13, 2026, the Company announced the FDA approved ZYCUBO (also referred to as CUTX-101) for the treatment of Menkes disease in pediatric patients. A Rare Pediatric Disease PRV was issued in connection with FDA approval and, pursuant to the transaction with Sentynl, was transferred to Cyprium and subsequently sold for $205 million (see Note 20).

Urica

Agreement with Crystalys Therapeutics, Inc ("Crystalys")

On July 15, 2024, Urica entered into an asset purchase agreement (the "APA"), royalty agreement, and related agreements (collectively, the "Transaction Documents") with Crystalys Therapeutics, Inc. ("Crystalys"). Crystalys is a Delaware corporation incorporated in 2022 and seeded by life sciences institutional investors. Under the Transaction Documents, Urica sold the rights to its URAT1 inhibitor product candidate, dotinurad, which is in development for the treatment of gout, together with related intellectual property, licenses and agreements, to Crystalys. In return, Crystalys issued to Urica shares of its common stock equal to 35% of Crystalys' outstanding equity. The Company recognized the equity held in Crystalys (see Note 6) within other assets in the Company's Consolidated Balance Sheet based on its initial estimated fair value at the inception of the APA, which was nominal. Urica's equity position cannot be reduced below 15% of Crystalys' fully-diluted equity capitalization until Crystalys raises $150 million from the sale of equity securities. At December 31, 2025, Urica held approximately 15% of the fully-diluted equity of Crystalys, and remains eligible for anti-dilution protection.

The Company has the right to appoint a voting director to Crystalys' board of directors. The Company's board rights and ownership percentage resulted in the Company concluding that the equity method of accounting applies, however, the Company elected the fair value option for the Crystalys investment.

The Transaction Documents also granted Urica a secured three percent (3%) royalty on future net sales of dotinurad to be paid by Crystalys. Crystalys is obliged to use commercially reasonable efforts to develop and commercialize dotinurad. The royalties represent variable consideration that is constrained and therefore no amounts of royalties were recognized as income for the years ended December 31, 2025 and 2024.

The APA gave Urica the right, but not the obligation, to repurchase the sold assets for a repurchase price not to exceed $6.4 million plus accrued interest; the repurchase option would expire upon the consummation by Crystalys of a qualified financing of at least $120 million by July 15, 2026. Urica recorded a liability for the $0.6 million received from Crystalys under the terms of the APA, which was being accreted up to the repurchase price over the term of the repurchase option, and the Company was not recognizing an asset for its ownership interest received in Crystalys until the expiration of the repurchase option. For the years ended December 31, 2025 and 2024, Urica recorded $1.3 million and $0.7 million, respectively, of accretion of the repurchase option price, which was recorded in interest expense and financing fee in the Consolidated Statement of Operations.

In September 2025, Crystalys announced it had sold equity securities in a Series A financing to support the advancement of global Phase 3 clinical studies evaluating dotinurad for the treatment of gout. With the closing of this Series A financing, the repurchase option expired and Urica reversed the related $2.6 million liability related to the repurchase option, which was recognized as other income in the Company's Consolidated Statement of Operations.

4. Inventory

Inventory consisted of the following:

($ in thousands)	December 31, 2025	December 31, 2024
Finished goods	$ 7,389	$ 11,381
Work-in-process	174	367
Raw materials	3,057	3,196
Inventory at cost	10,620	14,944
Inventory reserve	(996)	(513)
Total inventories	$ 9,624	$ 14,431

5. Property and Equipment

Fortress' property and equipment consisted of the following:

($ in thousands)	Useful Life (Years)	December 31, 2025	December 31, 2024
Computer equipment	3	$ 595	$ 595
Furniture and fixtures	5	1,017	1,017
Leasehold improvements	15	5,470	13,175
Buildings	40	581	581
Total property and equipment		7,663	15,368
Impairment - Leasehold Improvements		(2,176)	(2,176)
Less: Accumulated depreciation		(2,968)	(9,932)
Property and equipment, net		$ 2,519	$ 3,260

Fortress' depreciation expense for the years ended December 31, 2025 and 2024 was $0.4 million and $1.0 million, respectively, and was recorded in research and development, and selling, general and administrative expense in the Consolidated Statements of Operations.

Impairment of Long-Lived Assets

During the year ended December 31, 2024, Mustang concluded it had a triggering event requiring assessment of impairment for certain leasehold improvements and the related right-of-use asset. Mustang assessed the carrying value of the asset group consisting of the leasehold improvements and right-of-use asset in accordance with ASC 360, given the significant changes to Mustang's operations, operating cash and the repurchase of equipment. The assessment of the recoverability of the asset group concluded that there was impairment on the carrying value of the asset group of approximately $2.6 million, which was allocated on a pro rata basis using the relative carrying amounts of the assets. Approximately $2.2 million of the impairment loss was allocated to leasehold improvements, with the remaining $0.4 million allocated to the right-of-use asset. At December 31, 2024, Mustang assessed the remaining improvements, right-of-use asset, and property, plant and equipment held for sale for impairment and concluded that the property, plant and equipment held for sale were impaired, based primarily on offers received from third parties. As such, Mustang recorded an additional impairment charge of $1.0 million for the property, plant and equipment held for sale.

In February 2025, Mustang terminated the lease of its manufacturing facility. The remaining lease liability of approximately $0.8 million was reversed, and the remaining leasehold improvements of approximately $0.3 million and right of use assets of approximately $0.1 million were written off, resulting in a net gain of $0.4 million recorded in research and development expense in the Consolidated Statement of Operations for the year ended December 31, 2025.

6. Fair Value Measurements

Fair Value of Crystalys

Urica valued its equity investment in Crystalys using an option pricing model backsolve method and level 3 inputs. The fair value of its investment in Crystalys increased after Crystalys announced a Series A financing and to recognize additional shares received pursuant to its anti-dilution rights under the APA, resulting in an increase in estimated fair value of $15.1 million which was recorded as other income in the Consolidated Statement of Operations for the year ended December 31, 2025. The following inputs were utilized to derive the value: risk free rate of return: 3.61%; volatility: 80%; and a discount for lack of marketability: 31.6%. There are significant judgments and estimates inherent in the determination of the fair value, such as those regarding the selection of comparable companies used in estimating volatility, and the probability of possible future events. Such estimates involve inherent uncertainties and the application of significant judgment. Changes in judgements could have a material impact on our results of operation. The $15.1 million represents the cumulative unrealized gain since acquisition of the investment. The Company has not recorded any impairment losses through December 31, 2025.

Fair Value of Aevitas

The Company valued its retained investment in Aevitas, which is accounted for as an equity method investment for which the Company elected the fair value option, and estimated the fair value using level 3 inputs to be $2.6 million. The Company has not recognized any gains, losses, or impairments on the investment in 2025, 2024, or on a cumulative basis.

Common Stock Warrant Liabilities

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480, *Distinguishing Liabilities from Equity* and ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*. For warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter.

($ in thousands)	Warrants liabilities
Balance at December 31, 2023	$ 886
Change in fair value of common stock warrants - Avenue	(170)
Change in fair value of common stock warrants - Checkpoint	73
Change in fair value of placement agent warrants - Urica	(24)
Exercise of common stock warrants - Avenue	(400)
Exchange of common stock warrants - Urica	(151)
Balance at December 31, 2024	214
Change in fair value of common stock warrants - Avenue	(15)
Change in fair value of common stock warrants - Checkpoint	108
Deconsolidation of Checkpoint	(306)
Balance at December 31, 2025	$ 1

Checkpoint

Checkpoint deemed the placement agent warrants it issued in connection with a registered direct offering (the "December 2022 Placement Agent Warrants") to be classified as liabilities on the balance sheet as they contain terms for redemption of the underlying security that are outside its control. The December 2022 Placement Agent Warrants were recorded at the time of closing at a fair value determined by using the Black-Scholes model. Checkpoint revalued the December 2022 Placement Agent Warrants at each reporting period thereafter until the closing date of the transaction with Sun Pharma, May 2025 (see Note 3).

A summary of the weighted average (in aggregate) significant unobservable inputs (Level 3 inputs) used in measuring the warrant liability that are categorized within Level 3 of the fair value hierarchy was as follows:

Checkpoint Warrants	May 31, 2025	December 31, 2024
Stock price	$ 4.10	$ 5.41
Risk-free interest rate	3.9 %	4.3 %
Expected dividend yield	—	—
Expected term in years	2.5	3.0
Expected volatility	131.9 %	111.1 %

Avenue

Avenue has previously issued freestanding warrants to purchase shares of its common stock in connection with financing activities. Avenue's outstanding warrants to purchase common stock were originally issued in October 2022 (the "October 2022 Warrants"). The October 2022 Warrants are classified as liabilities on the balance sheet as they contain terms for redemption of the underlying security that are outside of its control. In connection with the Avenue January 2023 registered direct offering in January 2023, the down-round price protection feature was triggered and the exercise price for the October 2022 Warrants was permanently adjusted to $116.25, which was the offering price for the Avenue registered direct offering in January 2023. The Black-Scholes model was used to value the October 2022 Warrants as of December 31, 2025 and 2024. At December 31, 2025 and December 31, 2024, the liability associated with the October 2022 Warrants was approximately $1,000 and $16,000, respectively.

A summary of the weighted average (in aggregate) significant unobservable inputs (Level 3 inputs) used in measuring the Avenue warrant liability that are categorized within Level 3 of the fair value hierarchy was as follows:

	December 31, 2025	December 31 2024
Stock price	$ 0.68	$ 2.00
Risk-free interest rate	3.75 %	4.27 %
Expected dividend yield	—	—
Expected term in years	1.8	2.8
Expected volatility	151 %	155 %

7. License Agreements

In accordance with ASC 730-10-25-1, *Research and Development*, costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached technological feasibility and has no alternative future use. The licenses purchased by the Company require substantial completion of research and development, regulatory and marketing approval efforts in order to reach technological feasibility and have no alternate use. The purchase price of the licenses acquired is classified as research and development-licenses acquired in the Company's Consolidated Statements of Operations and for the years ended December 31, 2025 and 2024, expense recognized was nil and $0.3 million, respectively.

Journey

Emrosi

In June 2021, Journey entered a license, collaboration, and assignment agreement (the "Emrosi Agreement") to obtain global rights for the development and commercialization of Emrosi (Minocycline Hydrochloride Extended-Release Capsules, 40mg), formerly known as DFD-29, for the treatment of rosacea with Dr. Reddy's Laboratories, Ltd ("DRL"); provided, that DRL retained certain rights to the program in select markets, namely in Armenia, Azerbaijan, Belarus, Brazil, Georgia, India Kazakhstan, Kyrgyzstan, Moldova, the People's Republic of China ("PRC"), Russia, Taiwan, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. Pursuant to the terms and conditions of the Emrosi Agreement, Journey paid $10.0 million. In April 2024, Journey made a $3.0 million milestone payment to DRL, recorded in research and development expenses on the Consolidated Statement of Operations, based on FDA acceptance of the NDA for Emrosi, and in December of 2024 Journey made a $15.0 million milestone payment to DRL, which was triggered by the November 1, 2024 FDA marketing approval of Emrosi, which was capitalized as an acquired intangible asset. Upon the $15.0 million milestone payment, all assets related to Emrosi, including the NDA, regulatory documentation and intellectual property, transferred to Journey. Pursuant to the Emrosi Agreement, Journey may be required to make additional contingent regulatory and commercial milestone payments to DRL, totaling up to $150.0 million. Journey is required to pay royalties ranging from ten percent to fourteen percent on net sales of Emrosi, subject to a 50% reduction in the event that a generic competitor launches in an applicable country where Journey markets and sells Emrosi.

Qbrexza

In March 2021, Journey executed an Asset Purchase Agreement (the "Qbrexza APA") with Dermira, Inc., a subsidiary of Eli Lilly and Company ("Dermira"). Pursuant to the terms of the Qbrexza APA, Journey acquired the rights to Qbrexza (glycopyrronium), a prescription cloth towelette to treat primary axillary hyperhidrosis in patients nine years of age or older. Journey paid an upfront fee of $12.5 million to Dermira. In addition, Journey is obligated to pay Dermira up to $144 million in the aggregate upon the achievement of certain net sales milestones. The royalty structure for the Qbrexza APA is tiered with royalties for the first two years ranging approximately 40% to 30%. Thereafter for a period of eight years royalties are approximately 12% to 19%. Royalty amounts are subject to certain reductions in the event there is a loss of exclusivity.

In August 2023, Journey entered into a license agreement (the "New License Agreement") with Maruho Co. Ltd. ("Maruho"), whereby Journey agreed to grant an exclusive license to Maruho to develop and commercialize Qbrexza for the treatment of primary axillary hyperhidrosis, in South Korea, Taiwan, Hong Kong, Macau, Thailand, Indonesia, Malaysia, Philippines, Singapore, Vietnam, Brunei, Cambodia, Myanmar and Laos (the "Territory"). Under the terms of the New License Agreement, in exchange for the exclusive rights to Qbrexza in Japan and the amendment to the royalty payments associated with the Japanese license, Maruho paid $19.0 million to Journey as a non-refundable upfront payment. Prior to the date of the New License Agreement, Journey and Maruho were party to an existing exclusive amended and restated license agreement (the "First A&R License Agreement"), under which Maruho acquired exclusive license rights to Qbrexza in Japan. In connection with Journey's entry into the New License Agreement, Journey and Maruho also entered into the Second Amended and Restated Exclusive License Agreement (the "Second A&R License Agreement"), which supersedes the First A&R License Agreement. The Second A&R License Agreement contains modifications that remove Maruho's obligation to pay Journey royalties on its net sales of Rapifort (the Japanese equivalent of Qbrexza) in Japan for sales occurring after October 1, 2023 and removes Maruho's obligation to pay $10 million to Journey in the event that Maruho achieves net sales of at least ¥4 billion (yen) of Rapifort during a single fiscal year. All other remaining potential milestone payment obligations, which aggregate to $45 million, remain in full force and effect.

Accutane

In July 2020, Journey entered into an exclusive license and supply agreement for Accutane (the "Accutane Agreement") with DRL. Pursuant to the Accutane Agreement, Journey paid $5.0 million. Three additional milestone payments totaling $17.0 million are contingent upon the achievement of certain net sales milestones. Journey is required to pay royalties in an amount equal to a low-double digit percentage of net sales. The term of the Accutane Agreement is ten years and renewable upon mutual agreement. Each party may terminate the Accutane Agreement for an uncured material breach by the other party or for certain bankruptcy or insolvency related events. Journey may also terminate the Accutane Agreement without cause upon 180 days written notice to DRL.

Amzeeq and Zilxi

In January 2022, Journey entered into an Asset Purchase Agreement (the "Vyne APA") with Vyne Therapeutics, Inc. ("Vyne") to acquire two FDA approved products, Amzeeq (minocycline) topical foam, 4%, and Zilxi (minocycline) topical foam, 1.5%, for an upfront payment of $20.0 million and an additional $5.0 million payment on the one-year anniversary of the closing of the Vyne APA. The Vyne APA also provides for contingent net sales milestone payments: in the first calendar year in which annual sales reach each of $100 million, $200 million, $300 million, $400 million and $500 million, Journey will be required to make a one-time payment of $10 million, $20 million, $30 million, $40 million and $50 million, respectively, in that year only, per product, totaling up to $450 million.

Part of the Vyne APA was Journey's assumption of a license agreement with Cutia Therapeutics (HK) Limited ("Cutia"), a Hong Kong biopharmaceutical company with experience in developing pharmaceutical products in the greater China region (the "Cutia Agreement"). Pursuant to the Cutia Agreement, Cutia was granted an exclusive license to obtain regulatory approval of and commercialize Amzeeq (topical 4% minocycline foam) and Zilxi (topical 1.5% minocycline foam) in mainland China, Taiwan, Hong Kong and Macau. Journey has agreed to supply the finished licensed products to Cutia for clinical and commercial use at an agreed price. Additionally, Journey will earn a royalty in the low single digit percentages on net sales of the licensed products by Cutia.

On November 11, 2024, Cutia received marketing approval for topical 4% minocycline foam from the National Medical Products Administration of the PRC. The approval triggered a $1.0 million milestone payment to Journey. The $1.0 million milestone payment was recorded as a component of other revenue on the approval date of November 11, 2024, in the Consolidated Statements of Operations. Journey received the cash payment from Cutia of $1.0 million on January 2, 2025. During 2025, Journey began supplying Cutia with finished licensed products for Cutia's commercial use and earning a royalty on net sales of Amzeeq made by Cutia. Journey recognized $0.6 million in Other revenue associated with royalties and the supply of Amzeeq to Cutia for the year ended December 31, 2025.

Avenue

In February 2023, Avenue entered into a license agreement with AnnJi Pharmaceutical Co. Ltd. ("AnnJi"), whereby Avenue obtained an exclusive license (the "AnnJi License Agreement") from AnnJi to the intellectual property rights pertaining to the molecule known as JM17, which activates Nrf1 and Nrf2, enhances androgen receptor degradation and underlies AJ201, a clinical product candidate currently in a Phase 1b/2a clinical trial in the U.S. for the treatment of SBMA, also known as Kennedy's Disease. Under the AnnJi License Agreement, in exchange for exclusive rights to the intellectual property underlying the AJ201 product candidates, Avenue paid $3.0 million, issued $1.2 million in shares of Avenue stock in two tranches, and agreed to make additional payments including: reimbursement of payments up to $10.8 million in connection with the product's Phase 1b/2a clinical trial, up to $14.5 million in connection with certain development milestones pertaining to the first indication in the U.S., up to $27.5 million in connection with certain drug development milestones pertaining to additional indications and development outside the U.S., up to $165 million upon the achievement of certain net sales milestones ranging from $75 million to $750 million in annual net sales, and royalty payments based on a percentage of net sales ranging from mid-single digits to the low-double digits, which were subject to potential diminution in certain circumstances. On March 3, 2025, Avenue received a notice of AnnJi's intent to terminate the AnnJi License Agreement, in which AnnJi asserted several bases for its right to terminate the AnnJi License Agreement.

On April 24, 2025 (the "Termination Effective Date"), Avenue and AnnJi entered into a License Termination and Program Transfer Agreement (the "Termination and Transfer Agreement"), pursuant to which: (i) the AnnJi License Agreement and related agreements were terminated with immediate effect; (ii) the parties dismissed all pending dispute resolution proceedings between them and provided mutual releases of claims; (iii) Avenue transferred to AnnJi all of its rights, title and interest to and under the assets arising under the AnnJi License Agreement and otherwise related to AJ201 and (iv) Avenue agreed not to, for 48 months following the date of the Termination and Transfer Agreement, develop, commercialize, manufacture or sell any product competing with AJ201 in the US, Canada, the European Union, Great Britain or Israel. Under the Termination and Transfer Agreement, Avenue repurchased all shares of common stock held by AnnJi for an aggregate payment of $1.00, and Avenue also made a payment of $0.2 million to AnnJi for legal expense reimbursement, which was accounted for as consideration payable to a customer and reduced the amount of revenue recognized by Avenue under the agreement.

AnnJi agreed to make payments to Avenue of $1.6 million net of 20% tax withholding, with $0.8 million collected by Avenue in May 2025 and $0.8 million collected by Avenue in July 2025. The $1.6 million, less the $0.2 million as consideration for legal expenses, was recognized as other revenue as the performance obligations related to rights transferred to AnnJi were satisfied during the year ended December 31, 2025. Additionally, Avenue will be eligible to receive from AnnJi:

- payments totaling up to $5 million in the aggregate upon the occurrence of certain development and regulatory milestone events pertaining to AJ201;
- payments totaling up to $17 million in the aggregate upon AJ201 experiencing certain commercial sales milestone events;
- a 1.75% royalty on net sales of AJ201, which royalty percentage is subject to potential diminution in certain circumstances; and
- in the event that AnnJi enters into one or more subsequent licenses of rights to AJ201 with third party licensee(s), 15% of payments received by AnnJi from such licensee(s), up to a cap of $7.5 million, and with a minimum of $4 million owing under certain mechanism in the event of an approval of a New Drug Application in the U.S. with respect to AJ201.

The Termination and Transfer Agreement also contains customary representations and warranties and provisions related to confidentiality and indemnification.

Partner Companies and Subsidiaries

The Company's partner companies and subsidiaries have also entered into other various license agreements with research institutions and medical centers. These license agreements include upfront payments which were expensed and various development milestone payments due upon achievement of various milestones which in the aggregate are approximately $69.5 million. The license agreements also have sales-based milestone payments that total approximately $117.4 million. The agreements also include royalty payments on any future sales.

8. Intangible Assets

The Company's finite-lived intangible assets consist of intangible assets acquired by Journey. The table below provides a summary of intangible assets as of December 31, 2025 and 2024, respectively:

($ in thousands)	Estimated Useful Lives (Years)	December 31, 2025	December 31, 2024
Intangible assets – product licenses	3 to 15	$ 52,925	$ 52,925
Accumulated amortization		(22,177)	(17,919)
Accumulated Impairment loss		(3,143)	(3,143)
Net intangible assets		$ 27,605	$ 31,863

The Company's amortization expense for the years ended December 31, 2025 and 2024 was approximately $4.3 million and $3.4 million, respectively. Amortization expense is recorded as a component of cost of goods sold in the Company's Consolidated Statements of Operations.

In the fourth quarter of 2024, the FDA approved Journey's Emrosi for the treatment of inflammatory lesions of rosacea in adults. The approval triggered a $15.0 million milestone payment to DRL, which Journey capitalized as an acquired intangible asset.

The future amortization of these intangible assets is as follows:

For the years ended: *($ in thousands)*	Total Amortization
2026	3,470
2027	2,775
2028	2,596
2029	2,596
2030	2,596
Thereafter	9,631
Sub-total	$ 23,664
Asset not yet placed in service	3,941
Total	$ 27,605

9. Debt and Interest

Debt

Total debt consists of the following:

($ in thousands)	December 31, 2025	December 31, 2024	Interest rate at December 31, 2025	Maturity
2024 Oaktree Note	$ 29,789	$ 35,350	11.6 %	June 2028
SWK Term Loan	25,000	25,000	14.1 %	June 2028
Less: Discount on notes payable	(2,372)	(2,388)		
Total notes payable, long term, net	$ 52,417	$ 57,962		

As of December 31, 2025, the carrying value of the notes payable approximates their fair value as the interest rate is variable and approximates the market rate for loans with similar terms and risk characteristics.

2024 Oaktree Note

On July 25, 2024, Fortress entered into the $50.0 million senior secured credit agreement (the "2024 Oaktree Agreement") with Oaktree Fund Administration, LLC and the lenders from time-to-time party thereto (collectively, "Oaktree"). On December 12, 2025, Fortress entered into the First Amendment to the 2024 Oaktree Agreement (the "First Oaktree Amendment"), which provided for, among other things, an extension of the maturity date to June 30, 2028, and an adjustment to the minimum net sales covenant. The First Amendment was accounted for as a modification and did not have a material impact on the financial statements. On February 22, 2026, the Company entered in the Second Amendment to the 2024 Oaktree Agreement (the "Second Oaktree Amendment" and, together with the 2024 Oaktree Agreement and the First Oaktree Amendment, the "New Oaktree Agreement"), which provided for, among other things, the elimination of certain financial covenants once Fortress has received the distribution of proceeds from Cyprium following the closing of the sale of Cyprium's priority review voucher and the outstanding principal balance of the Oaktree loan is less than or equal to $15.0 million (see Note 20).

The Company borrowed $35.0 million under the New Oaktree Agreement on the Closing Date (the "2024 Oaktree Note") and is eligible to draw up to an additional $15.0 million at the lenders' discretion to support future business development activities. The 2024 Oaktree Note replaced the 2020 Oaktree Note (as defined below), with respect to which the remaining $50.0 million balance was repaid in full.

Under the terms of the New Oaktree Agreement, as amended, the loans have a 41-month interest-only period with a maturity date of June 30, 2028, and bear interest at an annual rate equal to the 3-month Secured Overnight Financing Rate (SOFR) plus 7.625% (subject to a 2.50% SOFR floor and a 5.75% SOFR cap). At December 31, 2025, the interest rate applicable to the 2024 Oaktree Note was 11.6%. The Company is required to make quarterly interest-only payments until the maturity date, except 12.5% of the then-outstanding principal balance of the loans is due on September 30, 2027, 12.5% of the principal balance of the loans is due on December 30, 2027, 37.5% of the principal balance of the loans is due on March 31, 2028, with the remaining principal amount due on the maturity date.

The Company may voluntarily prepay, in whole or in part, the amounts due under the New Oaktree Agreement, as amended, at any time subject to a prepayment fee. Subject to prior written notice by the Company, to repay any amounts due prior to the maturity date, the Company must pay the sum of (A) the aggregate principal amount of the Loans being prepaid, (B) any accrued but unpaid interest on the principal amount of the Loans being prepaid, (C) any applicable Yield Protection Premium (as defined in the New Oaktree Agreement) and (D) if applicable, other unpaid amounts then due and owing pursuant to the New Oaktree Agreement and the other loan documents (such aggregate amount, the "Prepayment Price"); provided that each partial prepayment of the principal amount of the Loans shall be in an aggregate amount of at least $5.0 million and integral multiples of $1.0 million in excess thereof. The Company is required to make mandatory prepayments of the Loans with net cash proceeds from (i) certain casualty events, (ii) certain monetization events, including, among other things, certain asset sales and the sale(s) of priority review vouchers by certain subsidiaries of the Company, and the receipt by the Company of any dividend or other distributions in cash from any of its subsidiaries in excess of $5.0 million other than in connection with certain monetization events, (iii) debt issuances that are not permitted, and (iv) failure to comply with certain covenants. The lenders may elect to receive warrants to purchase common stock of the Company as an alternative to cash prepayments in some situations where a mandatory prepayment would otherwise be required. Due to the receipt of proceeds from the sale of Checkpoint (see Note 3), the Company made payments to Oaktree comprised of: $5.5 million in principal, $0.1 million in interest, and $0.3 million in Yield Protection Premium.

The New Oaktree Agreement, as amended, contains customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness, and dividends and other distributions, subject to certain exceptions. In addition, the New Oaktree Agreement contains certain financial covenants, including, (i) a requirement that the Company maintain a minimum liquidity of $7.0 million, which may be reduced or increased as described in the New Oaktree Agreement ("the "Liquidity Requirement"), and (ii) that product net sales of Journey meet a consolidated minimum net sales amount on a trailing 12-month basis, tested quarterly, which may be reduced or increased as described in the Oaktree Amendment (the "Minimum Net Sales Test"), subject to certain exclusions. The minimum net sales amount for December 31, 2025 is $60 million and will increase by $5.0 million each subsequent quarter, provided that the minimum net sales amount will in no event exceed $80.0 million. Both the Minimum Net Sales Test and the Liquidity Requirement will be reduced to $0 while the outstanding principal balance is less than or equal to $10.0 million. The Liquidity Requirement decreases to $5.0 million while the outstanding principal balance is between $10.0 million and $25.0 million. Failure by the Company to comply with the financial covenants will result in an event of default, subject to certain cure rights of the Company with respect to the Minimum Net Sales Test.

The New Oaktree Agreement, as amended, contains events of default that are customary for financings of this type, in certain circumstances subject to customary cure periods. In addition, the Company is also required to (i) raise cash proceeds from the sale of common stock, or receive monetizations or distributions, by the end of each calendar year prior to the maturity date, in an aggregate amount equal to the greater of $20 million or 50% of an amount set forth in an annual budget delivered to the lenders (the "Capital Raise Test") and (ii) maintain a specified minimum equity stake in Journey ("the "Minimum JMC Stake Covenant"). These capital raise and minimum stake covenants and financial covenants, will not apply if the outstanding principal balance of the loan is less than or equal to $10 million. Following an event of default and any cure period, if applicable, Oaktree will have the right upon notice to accelerate all amounts outstanding under the New Oaktree Agreement, in addition to other remedies available to the lenders as secured creditors of the Company.

Pursuant to the terms of the Second Oaktree Amendment, certain financial covenants were amended such that in the event that the outstanding principal balance under the 2024 Oaktree Note is less than or equal to $15.0 million and the Company receives the distribution of proceeds from Cyprium following the closing of the sale of the PRV by Cyprium pursuant to the PRV APA (the "2026 Cyprium Monetization Event"), the Liquidity Requirement will be $2.0 million, and the Minimum Net Sales Test, Capital Raise Test, and Minimum JMC Stake Covenant will no longer apply.

Under the New Oaktree Agreement, as amended, the Company granted a security interest in favor of Oaktree, for the benefit of the lenders, in substantially all of the Company's assets, subject to customary exceptions, as collateral securing the Company's obligations under the New Oaktree Agreement.

In connection with the 2024 Oaktree Agreement, as amended, the Company granted equity classified warrants to the lenders to purchase up to 506,390 shares of the Company's common stock at a purchase price of $2.0735 per share (the "Warrants"), later reduced to $1.65 per share. The Warrants contain customary anti-dilution adjustments to the exercise price, including for share splits, share dividends, rights offerings and pro rata distributions. The exercise price of the Warrants will also be adjusted if, while the Warrants are outstanding, the Company engages in any transaction involving the issuance or sale of shares of Common Stock or equivalent securities at an effective price per share less than the exercise price of the Warrant then in effect (such lower price, the "Base Share Price"). In such case, the exercise price of the Warrants will be reduced to equal the Base Share Price. In connection with the financing consummated by the Company in September 2024, the Warrants had their exercise price reduced to $1.65 per share. The Warrants are exercisable from July 25, 2024 and will expire on July 25, 2031 and may be net exercised for no cash payment at the holder's election. The Company filed a registration statement to register the resale of the shares of Company's common stock issuable upon exercise of the Warrants (see Note 13). The fair value of the warrants were estimated using the Black-Scholes model and level 3 inputs, resulting in an estimated fair value of $1.1 million, which is recorded as a discount on the note payable.

In connection with the Oaktree Amendment Fortress issued equity classified warrants to Oaktree and certain of its affiliates to purchase up to 0.6 million shares of Common Stock at a purchase price of $2.62 per share (the "2025 Warrants") with similar rights and terms as the Warrants (see Note 13). The fair value of the warrants were estimated using the Black-Scholes model and level 3 inputs, resulting in an estimated fair value of $1.3 million, which is recorded as a discount on the note payable.

The Company has filed registration statements to register the resale of shares of the Company's common stock issuable upon exercise of the Warrants and the 2025 Warrants. In the year ended December 31, 2025, Oaktree elected a cashless exercise of 253,195 warrants, and as a result the Company issued 140,830 common shares to Oaktree.

The Company was in compliance with all applicable financial covenants under the New Oaktree Agreement, as amended, as of December 31, 2025.

2020 Oaktree Note

On July 25, 2024, the Company's $50.0 million outstanding balance of the senior secured credit agreement with Oaktree (the "Prior Oaktree Agreement") and the debt thereunder, (the "2020 Oaktree Note") was terminated upon receipt by Oaktree of a payoff amount of $51.4 million from the Company comprised of principal, interest and the applicable final payment amount. The payoff of the 2020 Oaktree Note was treated as a debt extinguishment, as the 2024 Oaktree Note originated from a fund group different from the Prior Oaktree Agreement. The Company recorded a loss on extinguishment of debt of approximately $3.6 million, representing unamortized debt issuance costs and inclusive of a $1.0 million prepayment fee; the loss on extinguishment was recorded to interest expense in the Consolidated Statement of Operations for the year ended December 31, 2024.

SWK Term Loan

On December 27, 2023 (the "SWK Closing Date"), Journey entered into the credit agreement (the "SWK Credit Agreement") with SWK Funding LLC ("SWK"). The SWK Credit Agreement provides for a term loan facility (the "SWK Credit Facility") in the original principal amount of up to $20.0 million. On the SWK Closing Date, Journey drew $15.0 million. On June 26, 2024, Journey drew the remaining $5.0 million under the SWK Credit Facility. On July 9, 2024, Journey entered into an amendment to the SWK Credit Agreement with SWK, which increased the original principal amount of the SWK Credit Facility from $20.0 million to $25.0 million. The $5.0 million of additional principal added in the amendment was contractually required to be drawn upon FDA approval of Emrosi, subject to Journey receiving approval on or before June 30, 2025. Journey drew on the remaining $5.0 million relating to the FDA approval of Emrosi on November 25, 2024.

Pursuant to the terms under the SWK Credit Facility, as amended, repayments of principal were to commence in February 2026 in an amount equal to $1.9 million per quarter, or 7.5%, of the principal amount of funded Term Loans, with any remaining principal balance due on the maturity date. Term loans under the SWK Credit facility accrue interest, which is payable quarterly in arrears, and bear interest at a rate per annum equal to the three-month term SOFR (subject to SOFR floor of 5%) plus 7.75%. The interest rate resets quarterly.

On September 25, 2025, Journey entered into the Third Amendment to the SWK Credit Agreement (the "Third Amendment"). The Third Amendment, among other things, extends the maturity date of Journey's existing SWK Credit Facility from December 27, 2027 to June 27, 2028. The Third Amendment also modifies the Revenue-Based Payment provision, as defined in the SWK Credit Agreement, by lowering the applicable revenue threshold, measured based on the twelve months ended December 31, 2025, from $70.0 million to $60.0 million. Journey satisfied the $60.0 million Revenue-Based Payment provision as of December 31, 2025. Accordingly, the interest-only period under the SWK Credit Facility was extended by one year, with scheduled principal repayments commencing in February 2027 rather than February 2026. Thereafter, Journey will be required to make quarterly principal payments equal to $2.5 million per quarter, or 10.0%, of the outstanding principal amount of the funded SWK Credit Facility, with any remaining principal balance due on the maturity date.

Journey may at any time prepay the outstanding principal balance of the Term Loans in whole or in part. Upon repayment in full of the Term Loans, Journey will pay an exit fee equal to 5% of the original principal amount of the Term Loans. Additionally, Journey paid an origination fee of $0.2 million on the SWK Closing Date and incurred issuance costs of $0.2 million, both of which have been recorded as a debt discount. Journey is accreting the carrying value of the SWK Term Loan to the original principal balance plus the exit fee over the term of the loan using the effective interest method. The amortization of the discount is accounted for as interest expense in the Consolidated Statement of Operations. The effective interest rate on the SWK Term Loan as of December 31, 2025 was 14.1%.

The SWK Credit Agreement also includes both revenue and liquidity covenants, restrictions as to payment of dividends, and is secured by substantially all assets of Journey. As of December 31, 2025, Journey was in compliance with the financial covenants under the SWK Credit Agreement.

IDB Letters of Credit

The Company has letters of credit ("LOC") with one of its commercial banks, IDB Bank ("IDB"), of approximately $1.2 million and $1.6 million as of December 31, 2025 and 2024, respectively, securing rent deposits for lease facilities and an undertaking posted by Cyprium relating to an injunctive proceeding. The Company's LOC's are secured by cash, which is included in restricted cash on the Company's Consolidated Balance Sheet. Interest paid on the letters of credit is 2% per annum.

Urica 8% Cumulative Convertible Class B Preferred Offering

Urica had previously closed private offerings of its 8% Cumulative Convertible Class B Preferred Stock (the "Urica Preferred Stock"), at a price of $25.00 per share ("Subscription Price") pursuant to which it sold a total of 135,494 shares of Preferred Stock for net proceeds of $2.9 million. A non-cash contingent warrant value of $0.1 million had also been recorded in debt discount.

Dividends on the Urica Preferred Stock were payable monthly by Fortress in shares of Fortress Common Stock based upon a 7.5% discount to the average trading price over the 10-day period preceding the dividend payment date. Dividends were recorded as interest expense. For the year ended December 31, 2024, the Company recorded expense of $0.1 million associated with the Urica dividends paid on the outstanding Urica Preferred Stock. On June 27, 2024, as neither a qualified financing nor a sale of Urica had occurred, Fortress elected to exchange the outstanding shares of Urica Preferred Stock, which had been recorded as a liability, into 2,028,345 shares of Fortress common stock.

Ximino Settlement

In August 2024, Journey executed a settlement agreement (the "Settlement Agreement") to settle the $3.0 million of license installment payments Journey owed to Sun Pharmaceutical Industries, Inc. ("Sun") associated with the Ximino asset purchase agreement. Pursuant to the Settlement Agreement, Journey agreed to settle the total outstanding obligation owed to Sun for a total of $1.9 million, payable in three installments: 1) $0.6 million upon execution of the Settlement Agreement, 2) $0.6 million on December 1, 2024, and 3) $0.6 million on January 15, 2025. Journey accounted for the settlement of the license installment payment as a $1.1 million gain on extinguishment of debt in the Consolidated Statements of Operations for the year ended December 31, 2024.

Interest Expense

The following table shows the details of interest expense for all debt arrangements during the periods presented. Interest expense includes contractual interest and amortization of the debt discount and amortization of fees represents fees associated with loan transaction costs, amortized over the life of the loan:

	Year Ended December 31,					
	2025			2024		
($ in thousands)	*Interest*	*Fees*	Total	*Interest*	*Fees*	Total
2024 Oaktree Note	$ 4,156	$ 931	$ 5,087	$ 1,954	323	2,277
2020 Oaktree Note[1]	—	—	—	6,803	1,219	8,022
Partner company convertible preferred shares	—	—	—	(290)	90	(200)
Partner company notes payable	3,232	466	3,698	2,385	307	2,692
Partner company contingent call option accretion[2]	1,283	—	1,283	716	—	716
Other	38	—	38	20	—	20
Total Interest Expense and Financing Fee	$ 8,709	$ 1,397	$ 10,106	$ 11,588	$ 1,939	$ 13,527

Note 1: Includes loss on extinguishment of debt of $3.6 million related to the payoff of the 2020 Oaktree Note on July 25, 2024.
Note 2: Relates to Urica's optional repurchase obligation to Crystalys (see Note 3).

10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

($ in thousands)	December 31, 2025	December 31, 2024
Accounts payable	$ 14,238	$ 31,636
Accrued expenses:		
Professional fees	1,055	3,147
Salaries, bonus and related benefits	7,880	6,596
Research and development	277	8,509
Accrued royalties payable	1,805	1,374
Accrued coupon and rebates	16,547	6,200
Return reserve	2,177	3,124
Other[1]	3,146	4,915
Total accounts payable and accrued expenses	$ 47,125	$ 65,501

Note 1: Other as of December 31, 2025 and 2024 includes approximately $1.3 million of accrued consideration for the Mustang Asset Purchase Agreement with uBriGene, see Note 3.

11. Non-Controlling Interests

On May 30, 2025, Checkpoint ceased to be a controlled Fortress entity and as such is no longer consolidated (see Note 3). On November 5, 2025, Baergic ceased to be a controlled Avenue entity and as such is no longer consolidated by Avenue.

The Company's ownership interest in its consolidated subsidiaries in 2025 was similar to 2024, except for Journey, which decreased from 44.5% to 36.3% due to dilution from the issuance of equity securities (see Note 13).

12. Net Loss per Common Share

Basic net income or loss per share attributed to common stockholders is calculated by dividing the net income or loss attributed to Fortress, less the Series A Preferred dividends and subsidiary deemed dividends, by the weighted-average number of shares of Common Stock outstanding during the period, not including unvested restricted stock and other potentially dilutive securities. Diluted net income (loss) per share of common stock includes the effect, if any, from the potential exercise or conversion of securities, such as warrants, stock options, restricted stock units, and restricted stock using the treasury stock method, if dilutive. The impact of these items is anti-dilutive during periods of net loss.

The Series A Preferred dividends included in the net loss per share calculation include dividends paid as well as dividends cumulated (but undeclared) (see Note 13). For the years ended December 31, 2025 and 2024, the effect on the net loss per share calculation from Series A Preferred dividends was $8.0 million and $8.0 million, respectively, and subsidiary deemed dividends were $0.7 million and $1.9 million, respectively.

The following potentially dilutive securities would be excluded from the computation of net loss per common share as of the dates presented if the Company was in a net loss position:

	December 31,	
	2025	2024
Warrants to purchase Common Stock	13,431,502	14,406,201
Options to purchase Common Stock	—	558,896
Unvested Restricted Stock and deferred Restricted Stock	856,760	1,900,630
Unvested Restricted Stock units and deferred Restricted Stock units	2,984,988	2,513,830
Total Potentially Dilutive Securities	17,273,250	19,379,557

13. Stockholders' Equity

Common Stock

Fortress' Certificate of Incorporation, as amended, authorizes the Company to issue 200,000,000 shares of $0.001 par value Common Stock of which 31,364,094 and 27,908,839 shares of Common Stock were outstanding as of December 31, 2025 and 2024, respectively.

The terms, rights, preference and privileges of the Common Stock are as follows:

Voting Rights

Each holder of Common Stock is entitled to one vote per share of Common Stock held on all matters submitted to a vote of the stockholders, including the election of directors. The Company's certificate of incorporation and bylaws do not provide for cumulative voting rights.

Dividends

Subject to preferences that may be applicable to any then outstanding Preferred Stock, the holders of the Company's outstanding shares of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by the Company's Board of Directors out of legally available funds.

Liquidation

In the event of the Company's liquidation, dissolution or winding up, holders of Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of the Company's debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of Preferred Stock.

Rights and Preference

Holders of the Company's Common Stock have no preemptive, conversion or subscription rights, and there is no redemption or sinking fund provisions applicable to the Common Stock. The rights, preferences and privileges of the holders of Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of the Company's Preferred Stock that are or may be issued.

Series A Cumulative Redeemable Perpetual Preferred Stock

On October 26, 2017, the Company designated 5,000,000 shares of $0.001 par value preferred stock as Series A Cumulative Redeemable Perpetual Preferred Stock (the "Series A Preferred Stock"). As of December 31, 2025 and 2024, 3,427,138 shares of Series A Preferred Stock were issued and outstanding.

The terms, rights, preference and privileges of the Series A Preferred Stock are as follows:

Voting Rights

Except as may be otherwise required by law, the voting rights of the holders of the Series A Preferred Stock are limited to the affirmative vote or consent of the holders of at least two-thirds of the votes entitled to be cast by the holders of the Series A Preferred Stock outstanding at the time in connection with the: (1) authorization or creation, or increase in the authorized or issued amount of, any class or series of capital stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up or reclassification of any of the Company's authorized capital stock into such shares, or creation, authorization or issuance of any obligation or security convertible into or evidencing the right to purchase any such shares; or (2) amendment, alteration, repeal or replacement of the Company's certificate of incorporation, including by way of a merger, consolidation or otherwise in which the Company may or may not be the surviving entity, so as to materially and adversely affect and deprive holders of Series A Preferred Stock of any right, preference, privilege or voting power of the Series A Preferred Stock.

Dividends

Dividends on Series A Preferred Stock accrue daily and will be cumulative from, and including, the date of original issue and shall be payable monthly at the rate of 9.375% per annum of its liquidation preference, which is equivalent to $2.34375 per annum per share. The first dividend on Series A Preferred Stock sold in the offering was payable on December 31, 2017 (in the amount of $0.299479 per share) to the holders of record of the Series A Preferred Stock at the close of business on December 15, 2017 and thereafter for each subsequent quarter in the amount of $0.5839375 per share.

On July 5, 2024, Fortress announced that the Company's Board of Directors had decided to pause the monthly dividend of $0.1953125 per share of the Series A Preferred Stock. In accordance with the terms of the Series A Preferred Stock, dividends on the Series A Preferred Stock will continue to accrue and cumulate until such dividends are authorized or declared. The pausing of these dividends will defer approximately $0.7 million in cash dividend payments each month. The Board intends to revisit its decision regarding the monthly dividend regularly and will assess the profitability and cash flow of the Company to determine whether and when the pause should be lifted. The Company recorded approximately nil and $4.0 million of dividends in Additional Paid in Capital on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively. At December 31, 2025, the Company had total undeclared dividends of approximately $12.0 million, which represents the cumulated (but undeclared) dividends due to Series A Preferred shareholders on December 31, 2025. Dividends in arrears that have not been declared by the Board of Directors are not recorded in the Consolidated Balance Sheets but are reflected in the net loss attributable to common shareholders (see Note 12).

No Maturity Date or Mandatory Redemption

The Series A Preferred Stock has no maturity date, and the Company is not required to redeem the Series A Preferred Stock. Accordingly, the Series A Preferred Stock will remain outstanding indefinitely unless the Company decides to redeem it pursuant to its optional redemption right or its special optional redemption right in connection with a Change of Control (as defined below), or under the circumstances set forth below under "Limited Conversion Rights Upon a Change of Control" and elect to convert such Series A Preferred Stock. The Company is not required to set aside funds to redeem the Series A Preferred Stock.

Optional Redemption

The Series A Preferred Stock may be redeemed in whole or in part (at the Company's option) any time on or after December 15, 2022, upon not less than 30 days nor more than 60 days' written notice by mail prior to the date fixed for redemption thereof, for cash at a redemption price equal to $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the redemption date. During the year ended December 31, 2025, no Series A Preferred Stock shares were redeemed.

Special Optional Redemption

Upon the occurrence a Change of Control (as defined below), the Company may redeem the shares of Series A Preferred Stock, at its option, in whole or in part, within one hundred twenty (120) days of any such Change of Control, for cash at $25.00 per share, plus accumulated and unpaid dividends (whether or not declared) to, but excluding, the redemption date. If, prior to the Change of Control conversion date, the Company has provided notice of its election to redeem some or all of the shares of Series A Preferred Stock (whether pursuant to the Company's optional redemption right described above under "Optional Redemption" or this special optional redemption right), the holders of shares of Series A Preferred Stock will not have the Change of Control conversion right with respect to the shares of Series A Preferred Stock called for redemption. If the Company elects to redeem any shares of the Series A Preferred Stock as described in this paragraph, the Company may use any available cash to pay the redemption price.

A "Change of Control" is deemed to occur when, after the original issuance of the Series A Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of the Company's stock entitling that person to exercise more than 50% of the total voting power of all the Company's stock entitled to vote generally in the election of the Company's directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and
- following the closing of any transaction referred to in the bullet point above, neither the Company nor the acquiring or surviving entity has a class of common equity securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American LLC or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American LLC or the Nasdaq Stock Market.

Conversion, Exchange and Preemptive Rights

Except as described below under "Limited Conversion Rights upon a Change of Control," the Series A Preferred Stock is not subject to preemptive rights or convertible into or exchangeable for any other securities or property at the option of the holder.

Limited Conversion Rights upon a Change of Control

Upon the occurrence of a Change of Control, each holder of shares of Series A Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, the Company has provided or provides irrevocable notice of its election to redeem the Series A Preferred Stock as described above under "Optional Redemption," or "Special Optional Redemption") to convert some or all of the shares of Series A Preferred Stock held by such holder on the Change of Control Conversion Date, into the Common Stock Conversion Consideration, which is equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of Series A Preferred Stock plus the amount of any accumulated and unpaid dividends (whether or not declared) to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Stock dividend payment and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accumulated and unpaid dividend will be included in this sum) by (ii) the Common Stock Price (such quotient, the "Conversion Rate"); and
- 13.05483 shares of common stock, subject to certain adjustments.

In the case of a Change of Control pursuant to which the Company's common stock will be converted into cash, securities or other property or assets, a holder of Series A Preferred Stock will receive upon conversion of such Series A Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of the Company's common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control.

Notwithstanding the foregoing, the holders of shares of Series A Preferred Stock will not have the Change of Control Conversion Right if the acquiror has shares listed or quoted on the NYSE, the NYSE American LLC or Nasdaq Stock Market or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American LLC or Nasdaq Stock Market, and the Series A Preferred Stock becomes convertible into or exchangeable for such acquiror's listed shares upon a subsequent Change of Control of the acquiror.

Liquidation Preference

In the event the Company liquidates, dissolves or is wound up, holders of the Series A Preferred Stock will have the right to receive $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any payment is made to the holders of the Company's common stock.

Ranking

The Series A Preferred Stock will rank, with respect to rights to the payment of dividends and the distribution of assets upon the Company's liquidation, dissolution or winding up, (1) senior to all classes or series of the Company's common stock and to all other equity securities issued by the Company other than equity securities referred to in clauses (2) and (3); (2) on a par with all equity securities issued by the Company with terms specifically providing that those equity securities rank on a par with the Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon the Company's liquidation, dissolution or winding up; (3) junior to all equity securities issued by the Company with terms specifically providing that those equity securities rank senior to the Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon the Company liquidation, dissolution or winding up; and (4) junior to all of the Company's existing and future indebtedness.

Stock-Based Compensation

As of December 31, 2025, the Company had three equity compensation plans: the Fortress Biotech, Inc. 2013 Stock Incentive Plan, as amended, the Coronado Biosciences, Inc. 2012 Employee Stock Purchase Plan (the "ESPP") (collectively, the "Plans") and the Fortress Biotech, Inc. Long Term Incentive Plan, as amended (the "LTIP"). In the years ended December 31, 2025 and 2024, the Company's Board of Directors and stockholders approved increases of nil and 11.0 million shares, respectively, to the Plans, bringing the aggregate total of authorized shares available under the Plans to 13.1 million shares. A total of 4.7 million shares have been granted under the Plans, net of cancellations, and 8.4 million shares remained available for issuance as of December 31, 2025.

Certain partner companies have their own equity compensation plan under which shares are granted to eligible employees, directors and consultants in the form of restricted stock, stock options, and other types of grants of stock of the respective partner company's common stock. The table below provides a summary of those plans as of December 31, 2025:

Partner Company	Stock Plan	Shares Authorized	Shares available at December 31, 2025
Avenue	Avenue Therapeutics, Inc. 2015 Stock Plan	5,070,223	4,575,906
Cellvation	Cellvation Inc. 2016 Incentive Plan	2,000,000	300,000
Cyprium	Cyprium Therapeutics, Inc. 2017 Stock Plan	2,000,000	675,000
Helocyte	DiaVax Biosciences, Inc. 2015 Incentive Plan	2,000,000	341,667
Journey	Journey Medical Corporation 2015 Stock Plan	10,642,857	1,895,803
Mustang	Mustang Bio, Inc. 2016 Incentive Plan	2,514,666	2,506,958
Oncogenuity	FBIO Acquisition Corp. VII 2017 Incentive Plan	2,000,000	1,200,000
Urica	FBIO Acquisition Corp. VIII 2017 Incentive Plan	4,000,000	198,638

The purpose of the Company's and its subsidiaries' and partner companies' equity compensation plans is to provide for equity awards as part of an overall compensation package of performance-based rewards to attract and retain qualified personnel. Such awards include, without limitation, options, stock appreciation rights, sales or bonuses of restricted stock, restricted stock units or dividend equivalent rights, and an award may consist of one such security or benefit, or two or more of them in any combination or alternative. Vesting of awards may be based upon the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions.

Incentive and non-statutory stock options are granted pursuant to option agreements adopted by the plan administrator. Options generally have 10-year contractual terms.

The Company and its subsidiaries and partner companies estimate the fair value of stock option grants using a Black-Scholes option pricing model. In applying this model, the following assumptions are used:

- *Risk-Free Interest Rate*: The risk-free interest rate is based on the yields of United States Treasury securities with maturities similar to the expected term of the options for each option group.
- *Volatility*: The trading history of common stock is used to determine the expected stock price volatility.
- *Expected Term*: Due to the limited exercise history of the Company's and its subsidiaries' and partner companies' stock options, the expected term was determined based on the Simplified Method under SAB 107 and the expected term for non-employees is the remaining contractual life for both options and warrants.
- *Expected Dividend Rate*: Neither the Company, nor its subsidiaries and partner companies, have paid and none anticipate paying any cash dividends in the near future on their common stock.

The fair value of each option award was estimated on the grant date using the Black-Scholes option-pricing model and expensed under the straight-line method.

The following table summarizes the stock-based compensation expense from stock option, employee stock purchase programs, restricted stock and restricted stock unit awards for the years ended December 31, 2025 and 2024:

($ in thousands)	Year Ended December 31, 2025	2024
Fortress:		
Employee and non-employee awards	$ 6,908	$ 9,026
Executive awards	652	1,047
Partner Companies:		
Avenue	665	1,236
Checkpoint	14,097	15,252
Mustang	129	(450)
Journey	6,288	6,098
Other	—	410
Total stock-based compensation expense	$ 28,739	$ 32,619

($ in thousands)	Year Ended December 31, 2025	2024
Research and development	$ 6,267	$ 7,121
Selling, general and administrative	22,472	25,498
Total stock-based compensation expense	$ 28,739	$ 32,619

Options

The following table summarizes Fortress stock option activities, excluding activities related to partner companies:

	Number of shares	Weighted average exercise price	Total weighted average intrinsic value	Weighted average remaining contractual life (years)
Options vested and expected to vest at December 31, 2024	558,896	$ 2.32	$ 186,300	6.02
Forfeited	(540,000)	1.68	—	—
Expired	(18,896)	20.55	—	—
Options vested and expected to vest at December 31, 2025	—	$ —	$ —	—
Options vested and exercisable at December 31, 2025	—	$ —	$ —	—

During the years ended December 31, 2025 and 2024, there were no exercises of Fortress stock options.

As of December 31, 2025, Fortress had no unrecognized stock-based compensation expense related to Fortress stock options. As of December 31, 2024, Fortress had $0.4 million of unrecognized stock-based compensation expense related to Fortress stock options, which was expected to be recognized over a weighted-average period of 3.2 years.

As of December 31, 2025 and 2024, on a consolidated basis, the Company had $1.3 million and $1.0 million, respectively, of unrecognized stock-based compensation expense related to stock options of Fortress and subsidiaries, which is expected to be recognized over a weighted-average period of 1.4 years and 2.1 years, respectively.

Restricted Stock

Consolidated stock-based compensation expense from restricted stock awards and restricted stock units for the years ended December 31, 2025 and 2024 was $27.0 million and $30.9 million, respectively. Restricted stock awards and restricted stock unit awards are expensed under the straight-line method over the vesting period. Expense for awards with performance-based vesting criteria are measured and recorded if and when it becomes probable that the milestone will be achieved.

During 2025, the Company granted 1.2 million restricted shares of its Common Stock to executives and directors of the Company and 0.8 million restricted stock units to employees and non-employees of the Company. The fair value of the restricted stock awards issued during 2025 of $2.4 million and the fair value of the restricted stock unit awards issued during 2025 of $2.3 million were valued on the grant date using the Company's stock price as of the grant date. The 2025 restricted stock awards and restricted stock unit awards vest upon both the passage of time as well as meeting certain performance criteria.

During 2024, the Company granted 0.5 million restricted shares of its Common Stock to executives and directors of the Company and 2.1 million restricted stock units to employees and non-employees of the Company. The fair value of the restricted stock awards issued during 2024 of $1.4 million and the fair value of the restricted stock unit awards issued during 2024 of $3.5 million were valued on the grant date using the Company's stock price as of the grant date. The 2024 restricted stock awards and restricted stock unit awards vest upon both the passage of time as well as meeting certain performance criteria.

The following table summarizes Fortress' restricted stock awards and restricted stock units activities, excluding activities related to Fortress subsidiaries:

	Number of shares	Weighted average grant price
Unvested balance at December 31, 2024	4,414,724	$ 12.87
Restricted stock granted	1,204,360	2.03
Restricted stock vested	(2,248,494)	17.55
Restricted stock units granted	842,500	2.74
Restricted stock units forfeited	(6,098)	—
Restricted stock units vested	(365,244)	22.45
Unvested balance at December 31, 2025	3,841,748	$ 3.62

As of December 31, 2025, Fortress had unrecognized stock-based compensation expense related to all unvested Fortress restricted stock and Fortress restricted stock unit awards of $5.9 million and $5.4 million, respectively, which is expected to be recognized over the remaining weighted-average vesting period of 1.7 years and 3.1 years, respectively. As of December 31, 2024, on a consolidated basis, the Company had unrecognized stock-based compensation expense related to all unvested restricted stock and restricted stock unit awards of Fortress and subsidiaries of $4.2 million and $4.8 million, respectively, which is expected to be recognized over the remaining weighted-average vesting period of 0.8 years and 3.4 years, respectively. These amounts does not include restricted stock units which are performance-based and vest upon achievement of certain corporate milestones. Stock-based compensation for these awards will be measured and recorded if and when it is probable that the milestone will be achieved.

Deferred Compensation Plan

On March 12, 2015, the Company's Compensation Committee approved the Deferred Compensation Plan allowing all non-employee directors the opportunity to defer all or a portion of their fees or compensation, including restricted stock and restricted stock units. During the years ended December 31, 2025 and 2024, certain non-employee directors elected to defer an aggregate of approximately 0.2 million and 25,000 restricted stock awards, respectively, under this plan.

Employee Stock Purchase Plan

Eligible employees can purchase the Company's Common Stock at the end of a predetermined offering period at 85% of the lower of the fair market value at the beginning or end of the offering period. The ESPP is compensatory and results in stock-based compensation expense.

As of December 31, 2025, 0.2 million shares have been purchased and 0.9 million shares are available for future sale under the Company's ESPP. The Company recognized share-based compensation expense of approximately $0.1 million and $0.1 million for the years ended December 31, 2025 and 2024, respectively.

Warrants

The following table summarizes Fortress warrant activities, excluding activities related to partner companies:

	Number of shares	Weighted average exercise price	Total weighted average intrinsic value	Weighted average remaining contractual life (years)
Outstanding as of December 31, 2024	14,406,201	$ 2.15	$ 2,933,774	4.46
Issued	600,000	2.62	—	—
Exercised	(1,574,699)	1.67	—	—
Outstanding as of December 31, 2025	13,431,502	$ 2.21	$ —	3.55
Exercisable as of December 31, 2025	13,431,502	$ 2.21	$ —	3.55

In connection with the First Amendment to the 2024 Oaktree Note (see Note 9), the Company issued warrants to Oaktree and certain of its affiliates to purchase up to approximately 0.6 million shares of Common Stock at a purchase price of $2.62 per share (the "2025 Oaktree Warrants").

In connection with the 2024 Oaktree Note (see Note 9), the Company issued warrants to Oaktree and certain of its affiliates to purchase up to approximately 0.5 million shares of Common Stock at a purchase price of $2.0735 per share (the "2024 Oaktree Warrants"). Oaktree is entitled to a reduction in exercise price if, at any time prior to the expiration of the 2024 Oaktree Warrants, the Company issues equity, warrants or convertible notes (collectively known as "Security Instruments") at a price that is less than 95% of the market price of the Company's Common Stock on the trading day prior to the issuance of the Security Instruments. As a result of the September 2024 registered direct offering (see Note 13), the exercise price on the 2024 Oaktree warrants was lowered to $1.65 per share, and approximately $20,000 was recorded to interest expense.

The Company evaluated the accounting treatment of the 2025 Oaktree Warrants and the 2024 Oaktree Warrants and determined that the aforementioned warrants should be classified in stockholders' equity. As such, the Company used a Black-Scholes model to value the Oaktree Warrants, utilizing the following inputs to determine a value of $1.3 million and $1.1 million, respectively:

Oaktree Warrants	2025 Oaktree Warrants	2024 Oaktree Warrants
Exercise price	$ 2.62	$ 1.65
Volatility	87.8 %	90.5 %
Expected life in years	5.6	7.0
Risk-free rate	3.8 %	4.2 %
Dividend yield	—	—

In connection with the 2020 Oaktree Note (see Note 9), in August 2020 the Company had issued warrants to Oaktree and certain of its affiliates to purchase up to approximately 0.1 million shares of Common Stock at an exercise price of $8.14 per share (the "Oaktree Warrants"). The Oaktree Warrants expire on August 27, 2030 and may be net exercised at the holder's election. Oaktree is entitled to additional warrants if at any time prior to the expiration of the Oaktree Warrants the Company issues equity, warrants or convertible notes (collectively known as "Security Instruments") at a price that is less than 95% of the market price of the Company's Common Stock on the trading day prior to the issuance of the Security Instruments. As a result of the September 2024 registered direct offering (see Note 13), the Company issued an additional 14,450 warrants to Oaktree and adjusted the exercise price of the Oaktree Warrants to $7.2392, and recorded the resulting expense of $27,000 to interest expense.

The Company filed registration statement No. 333-292154 on Form S-1 to register the resale of the shares of Common Stock issuable upon exercise of the 2025 Oaktree Warrants, which was declared effective by the SEC on December 17, 2025. The Company had filed registration statement No. 333-282384 on Form S-1 to register the resale of the shares of Common Stock issuable upon exercise of the 2024 Oaktree Warrants and the additional Oaktree Warrants, which had been declared effective by the SEC on October 7, 2024.

Amended and Restated Long-Term Incentive Program ("LTIP")

On July 15, 2015, the stockholders approved the LTIP for the Company's Chairman, President and Chief Executive Officer, Dr. Rosenwald, and Executive Vice Chairman, Strategic Development, Mr. Weiss (amended and restated with stockholder approval on June 7, 2017 and May 23, 2024). The LTIP consists of a program to grant equity interests in the Company and in the Company's subsidiaries, and a performance-based bonus program that is designed to result in performance-based compensation that is deductible without limit under Section 162(m) of the Internal Revenue Code of 1986, as amended.

On January 1, 2025 and 2024, the Compensation Committee granted 454,163 and 216,465 shares each to Dr. Rosenwald and Mr. Weiss, respectively. Each of these four equity grants, made in accordance with the LTIP, represent 1% of total outstanding shares of the Company as of the dates of such grants. Restricted shares granted under the LTIP vest upon (i)(A) the Company achieving a specified increase in market capitalization since the grant date and (B) the participant remaining in service with the Company until (or being involuntarily terminated prior to) July 16, 2025, or (ii) a change in control of the Company, provided the eligible participant remains in service with the Company until the date of such transaction. If the restricted shares have not vested in accordance with the preceding sentence, they will be subject to a repurchase option by the Company at a nominal price for 90 days following the earlier of July 16, 2025 or the participant's voluntary separation from service with the Company. The fair value of each grant on the grant date was approximately $0.9 million for the 2025 grant and $0.7 million for the 2024 grant. For the year ended December 31, 2025 and 2024, the Company recorded stock compensation expense related to LTIP grants of approximately $5.4 million and $6.7 million, respectively, on the Consolidated Statement of Operations. As of December 31, 2025, Fortress had no unrecognized stock-based compensation expense related to LTIP grants.

Capital Raises

2024 Shelf

On May 17, 2024, the Company filed a shelf registration statement (File No. 333-279516) on Form S-3, which was declared effective on May 30, 2024 (the "2024 Shelf"). As of December 31, 2025, $42.1 million of securities were available for sale under the 2024 Shelf, subject to General Instruction I.B.6. of Form S-3, known as the "baby shelf rules," which limit the number of securities that can be sold under registration statements on Form S-3. However, on July 5, 2024, the board of directors paused the payment of dividends on our Series A Preferred Stock until further notices. As a result, the Company is no longer eligible to use Form S-3 and has lost the ability to use the 2024 Shelf. The Company will regain eligibility to use the 2024 Shelf on the date it files its Annual Report on Form 10-K, so long as it has: (i) by that date, paid all accrued but unpaid dividends at that time and (ii) timely paid all dividends accruing since the end of the fiscal year to which such Form 10-K relates.

Because the Company is not currently eligible to use Form S-3 due to the failure to pay dividends on the Series A Preferred Stock, on April 1, 2025 the Company filed a post-effective amendment to certain prior Form S-3 registration statements to continue the registration of:

- the offer and sale by certain selling stockholders who were previously holders of shares of 8% Cumulative Redeemable Perpetual Class B Preferred Stock of Urica, of an aggregate of up to 1,987,250 shares of the Company's common stock;
- the offer and sale of up to 5,885,000 shares underlying warrants originally issued as part of units, each consisting of one share of Common Stock and one warrant, originally registered pursuant to the prospectus filed with the SEC under November 10, 2023;
- the offer and sale of up to 3,303,305 shares underlying warrants originally issued as part of units, each consisting of one share of Common Stock and one warrant, originally registered pursuant to the prospectus filed with the SEC on December 29, 2023; and
- the offer and sale by certain selling stockholders of up to 116,637 shares of Common Stock issuable upon the exercise of warrants, as amended, granted to Oaktree and its affiliates under the Prior Oaktree Agreement.

This post-effective amendment was declared effective by the SEC on April 2, 2025.

Common Stock At the Market Offering

For the year ended December 31, 2025, the Company issued approximately 0.5 million shares of common stock at an average price of $1.94 per share for net proceeds of $1.0 million under the Company's at-the-market offering program. For the year ended December 31, 2024, the Company issued approximately 2.0 million shares of common stock at an average price of $1.98 per share for net proceeds of $3.8 million after deducting aggregate fees of $0.1 million. The at-the-market offering program is currently suspended as a result of the Company's current ineligibility to use Form S-3 registration statements.

Equity Offerings and Private Placements

In September 2024, Fortress closed a registered direct offering of an aggregate of 3,939,394 shares of its common stock at a purchase price of $1.65 per share. In a concurrent private placement, the Company also agreed to issue to the same investors that participated in the registered direct offering warrants to purchase up to 3,939,394 shares of common stock (the "Private Placement Warrants"). The Private Placement Warrants have an exercise price of $1.84 per share, are exercisable commencing six months from the date of issuance, and will expire five and one-half years following the date of issuance.

In a separate concurrent private placement, Dr. Rosenwald, the Company's Chairman, President and Chief Executive Officer, purchased 763,359 shares of common stock at a price of $1.84 per share, which represented the consolidated closing bid price of the Company's common stock on the Nasdaq Capital Market on September 19, 2024, and warrants to purchase up to 763,359 shares of common stock, purchased at a price of $0.125 per warrant (the "Concurrent Private Placement Warrants"). The Concurrent Private Placement Warrants have an exercise price of $1.84 per share, are exercisable commencing six months from the date of issuance, and will expire five and one-half years following the date of issue. Net proceeds to Fortress from the September 2024 registered direct offering and the concurrent private placements, after deducting the placement agent's fees and other offering expenses and assuming no exercises of the Private Placement Warrants or the Concurrent Private Placement Warrants, were approximately $7.3 million. At December 31, 2025, 3,764,194 Private Placement Warrants and all of the Concurrent Private Placement Warrants remain outstanding.

The Company filed a registration statement (No. 333-282384) on Form S-1 to register the resale of the shares of Common Stock issuable upon exercise of the Private Placement Warrants and the Concurrent Private Placement Warrants, which was declared effective by the SEC on October 7, 2024.

In connection with the financing consummated by the Company in September 2024, the 5,885,000 warrants issued in the November 2023 equity offering (the "November 2023 Warrants") had their exercise price reduced to $1.65 per share. The November 2023 Warrants contained a one-time exercise price adjustment provision that reduced the exercise price upon the next equity financing at a price lower than the exercise price at issuance which was $1.70 per share. At December 31, 2025, 4,609,130 of the November 2023 Warrants remain outstanding.

In January 2024, Fortress closed a registered direct offering of an aggregate of 3,303,305 shares of its common stock and warrants to purchase up to 3,303,305 shares of its common stock at a combined purchase price of $3.33 per share of common stock and accompanying warrant priced at-the-market under Nasdaq rules. The warrants have an exercise price of $3.21 per share, were immediately exercisable, and expire five years following the date of issue. Net proceeds to Fortress, after deducting the placement agent's fees and other offering expenses, were approximately $10.1 million.

Journey 2022 Shelf Registration Statement and At the Market Offerings

On December 30, 2022, Journey filed a shelf registration statement on Form S-3 (File No. 333-269079), which was declared effective by the SEC on January 26, 2023 (the Journey 2022 S-3"). The Journey 2022 S-3 covered the offering, issuance and sale by Journey of up to an aggregate of $150.0 million of Journey's common stock, preferred stock, debt securities, warrants, and units. In connection with the Journey 2022 S-3, Journey has entered into the At Market Issuance Sales Agreement with B. Riley (the "Journey ATM"), relating to shares of the Journey's common stock. In accordance with the terms of the Journey ATM, Journey had the ability to offer and sell up to 4,900,000 shares of its common stock, par value $0.0001 per share, from time to time through or to B. Riley acting as Journey's agent or principal.

In August 2025, Journey executed a new At Market Issuance Sales Agreement (the "Journey 2025 ATM") with B. Riley Securities, Inc. and Lake Street Capital Markets, LLC (each, an "Agent" and together, the "Agents") and terminated the Journey ATM Sales Agreement. In accordance with the terms of the Journey 2025 ATM, Journey may offer and sell up to 3,750,000 shares of common stock, from time to time through or to the Agents, each acting as sales agent or principal. As of December 31, 2025, 750,000 shares of Journey common stock were issued and sold under the Journey 2025 ATM Sales Agreement.

For the year ended December 31, 2025, Journey issued and sold approximately 2.6 million shares of common stock at an average price of $6.53 per share for net proceeds of $16.4 million under the Journey ATM after deducting aggregate fees of $0.5 million. For the year ended December 31, 2024, Journey issued approximately 1.6 million shares of common stock at an average price of $5.19 per share for net proceeds of $7.9 million under the Journey ATM after deducting aggregate fees of $0.2 million.

On January 15, 2026, Journey filed a shelf registration statement on Form S-3 (File No. 333-292758) (the "Journey 2026 S-3"), which was declared effective by the Securities and Exchange Commission on January 21, 2026. This shelf registration statement covers the offering, issuance and sale by Journey of up to an aggregate of $150.0 million of Journey's common stock, preferred stock, debt securities, warrants, and units. The Journey 2026 S-3 replaces the Journey 2022 S-3. Sales under the Journey 2025 ATM Sales Agreement after the effective date will occur under the Journey 2026 S-3.

Checkpoint Registered Direct Offerings and Warrant Exercises

In January 2025, Checkpoint received approximately $2.1 million from the exercise of warrants for the issuance of 740,000 shares of common stock with an exercise price of $2.84 per share.

In March 2025, Checkpoint received approximately $36.0 million from the exercise of warrants for the issuance of 21,691,003 shares of common stock with an average exercise price of $1.66 per share.

In April 2025, Checkpoint received approximately $9.2 million from the exercise of warrants for the issuance of 3,256,269 shares of common stock with an average exercise price of $2.82 per share.

In November 2024, Checkpoint received approximately $9.2 million upon the exercise of existing Series B warrants to purchase 3,256,269 shares of Checkpoint common stock, which warrants were originally issued and sold in a registered direct offering from May 2023 with an exercise price of $2.821 per share. The shares of common stock issuable upon the exercise of the warrants were registered under the Checkpoint 2023 S-3.

In July 2024, Checkpoint closed on a registered direct offering (the "Checkpoint July 2024 Registered Direct Offering") for the issuance and sale of an aggregate of 1,230,000 shares of its common stock at a purchase price of $2.05 per share. In addition, the offering included 4,623,659 shares of common stock in the form of pre-funded warrants at a price of $2.0499. In a concurrent private placement, Checkpoint issued and sold common warrants (the "Checkpoint July 2024 Common Stock Warrants") to purchase up to 5,853,659 shares of common stock. The Checkpoint July 2024 Common Stock Warrants had an exercise price of $2.05 per share, were exercisable after requisite approval of Checkpoint's stockholders, and had a term of exercise of five years from the issuance date. Checkpoint also issued the placement agent warrants to purchase up to 351,220 shares of common stock with an exercise price of $2.5625 per share. The total net proceeds from the Checkpoint July 2024 Registered Direct Offering, after deducting placement agent's fees and other offering expenses, were approximately $11.0 million. The shares of common stock and the shares underlying the pre-funded warrants were sold in a registered offering under the Checkpoint 2023 S-3.

In January 2024, Checkpoint closed on a registered direct offering (the "Checkpoint January 2024 Registered Direct Offering") for the issuance and sale of 1,275,000 shares of its common stock at a purchase price of $1.805 per share. In addition, the offering included pre-funded warrants to purchase 6,481,233 shares of common stock , which were sold at a price of $1.8049. In a concurrent private placement, Checkpoint issued and sold common warrants (the "Checkpoint January 2024 Common Warrants") to purchase up to 7,756,233 shares of Checkpoint common stock. The Checkpoint January 2024 Common Warrants were exercisable immediately upon issuance and expired five years following the issuance date and had an exercise price of $1.68 per share. Checkpoint also issued the placement agent warrants to purchase up to 465,374 shares of common stock with an exercise price of $2.2563 per share. Net proceeds to Checkpoint from the Checkpoint January 2024 Registered Direct Offering were $12.6 million after deducting commissions and other transaction costs. The offer and sale of the shares of common stock and the shares underlying the pre-funded warrants were registered for sale under the Checkpoint 2023 S-3.

Pursuant to the Company's Founders Agreement with Checkpoint (see Note 16), Checkpoint issued to Fortress 2.5% of the aggregate number of shares of common stock issued in the January 2025 warrant exercises noted above. Accordingly, Checkpoint issued 18,500 shares of common stock to Fortress in the five months ended May 31, 2025. Pursuant to the Support Agreement between Fortress, Checkpoint and Sun Pharma, Fortress waived its right to receive any equity fee with respect to any equity issuances by Checkpoint (including those resulting from warrant exercise) that are effected subsequent to May 30, 2025, the date on which the Merger Agreement was executed (see Note 3).

Mustang 2021 Shelf Registration Statement and At-the-Market Offering

On May 31, 2024, Mustang filed a shelf registration statement on Form S-3 (File No. 333-279891) (the "Mustang 2024 S-3"), which was declared effective on June 12, 2024. Under the Mustang 2024 S-3, Mustang may sell up to a total of $40.0 million of its securities. As of December 31, 2025, approximately $34.2 million of the Mustang 2024 S-3 remained available for sales of securities, subject to General Instruction I.B.6. of Form S-3. The ability of Mustang to register new offers and sales of securities under the Mustang 2024 S-3 expires on June 12, 2027.

On May 31, 2024, Mustang entered into an At-the-Market Offering Agreement (the "Mustang ATM") relating to the sale of shares of common stock pursuant to the Mustang 2024 S-3. During the year ended December 31, 2025, Mustang issued approximately 0.1 million shares of common stock at an average price of $11.55 per share for net proceeds of $0.6 million under the Mustang ATM, after deducting aggregate fees of approximately $27,000. During the year ended December 31, 2024, Mustang issued approximately 0.1 million shares of common stock at an average price of $18.78 per share for net proceeds of $2.5 million under the Mustang ATM, after deducting aggregate fees of approximately $0.1 million.

Mustang Registered Direct and Equity Offerings, Warrant Inducement and Private Placement

In February 2025, Mustang closed on an equity offering of (i) 495,000 shares of its common stock, par value $0.0001 per share (the "Shares"), (ii) pre-funded warrants to purchase up to an aggregate of 2,162,807 shares of common stock (the "Pre-Funded Warrant Shares), (iii) Series C-1 warrants (the "Series C-1 Warrants") to purchase up to 2,657,807 shares of common stock, and (iv) Series C-2 warrants (the "Series C-2 Warrants") to purchase up to 2,657,807 shares of common stock. Each Share or Pre-Funded Warrant was sold together with one Series C-1 Warrant to purchase one share of common stock and one Series C-2 Warrant to purchase one share of common stock. The combined public offering price for each Share and accompanying Warrants was $3.01, and the combined public offering price for each Pre-Funded Warrant and accompanying Warrants was $3.0099. The Pre-Funded Warrants had an exercise price of $0.0001 per share, were exercisable immediately upon issuance and expired when exercised in full. Each Warrant has an exercise price of $3.01 per share and became exercisable beginning on the effective date of stockholder approval of the issuance of the Warrant Shares (the "Warrant Stockholder Approval"). The Series C-1 Warrants expire five years from Warrant Stockholder Approval and the Series C-2 Warrants expire twenty-four months from Warrant Stockholder Approval. The net proceeds of the offering, after deducting the fees and expenses of the placement agent in the transaction, and other offering expenses payable by Mustang, but excluding the net proceeds from the exercise of the Warrants, was approximately $6.8 million.

In July 2025, the remaining approximately 0.5 million of the Pre-Funded Warrants and approximately 2.4 million of the Series C-2 Warrants were exercised. In connection with these exercises, Mustang received approximately $7.1 million in proceeds and issued approximately 2.9 million shares of its common stock. As of December 31, 2025, all of the Series C-1 Warrants and 284,452 of the Series C-2 Warrants remain outstanding.

In October 2024, Mustang entered into a definitive agreement for the exercise of certain existing warrants to purchase an aggregate of 337,552 shares of its common stock having an exercise price of $11.85 per share, originally issued in May 2024. The issuance or resale of the shares of common stock issuable upon exercise of the existing warrants are registered pursuant to an effective registration statement filed by Mustang on Form S-1 (File No. 333-278006). The net proceeds to Mustang from the exercise of the existing warrants were approximately $3.6 million, after deducting placement agent fees and offering expenses of $0.4 million.

In consideration for the immediate exercise of the existing warrants for cash, Mustang issued two new series of unregistered warrants to purchase up to an aggregate of 675,104 shares of common stock on Warrant Stockholder Approval. The new warrants have an exercise price of $13.50 per share and will be exercisable commencing on the effective date of stockholder approval of the issuance of the shares issuable upon exercise of the new warrants (the "Stockholder Approval"). One of the new series of warrants to purchase 337,552 shares of common stock has a term of five years from the Stockholder Approval, and the other new series of warrants to purchase 337,552 shares of common stock has a term of twelve months from the Stockholder Approval.

In June 2024, Mustang closed on a registered direct offering of 60,500 shares of common stock at $20.50 per share (or common stock equivalent) priced at-the-market under Nasdaq rules and pre-funded warrants to purchase up to 62,100 shares of common stock, at a price per pre-funded warrant equal to $20.495, the price per share of common stock, less $0.005. The pre-funded warrants have an exercise price of $0.005 per share, became exercisable upon issuance and remain exercisable until exercised in full. In a concurrent private placement, Mustang also agreed to issue and sell unregistered warrants to purchase up to 62,100 shares of its common stock, with an exercise price of $20.495 per share, exercisable beginning on the effective date of stockholder approval of the issuance of the shares upon exercise of the warrants and will expire five years from the date of stockholder approval. Net proceeds were approximately $2.1 million, after placement agent's fees and other offering expenses. All of the 62,100 pre-funded warrants have since been exercised.

In May 2024, Mustang closed on an equity offering of 23,200 shares of common stock and pre-funded warrants to purchase up to 314,352 shares of common stock (or common stock equivalents in lieu thereof), and three series of 337,552 warrants each for a total of 1,012,656 warrants with a combined equity offering price of $11.85 per share (or per share common stock equivalent in lieu thereof) and accompanying warrants with an exercise price of $11.85 per share. The Series A-1 warrants have a five-year term, the Series A-2 warrants have a twenty-four month term, and the Series A-3 warrants have a nine month term. The warrants contain customary anti-dilution adjustments to the exercise price, including share splits, share dividends, rights offerings and pro rata distributions. The net proceeds of the equity offering, after deducting the fees and expenses of the placement agent and other offering expenses payable by Mustang was approximately $3.2 million. All of the 314,352 pre-funded warrants have since been exercised.

Pursuant to the terms of the Second Amended and Restated Founders Agreement, Mustang owes to Fortress 2.5% of the aggregate number of shares of Mustang common stock issued in the offerings noted above. Accordingly, Mustang issued 127,140 common shares and 23,450 common shares to Fortress for the years ended December 31, 2025 and December 31, 2024, respectively.

Avenue 2021 Shelf Registration Statement and At-the-Market Offering

In December 2021, Avenue filed a shelf registration statement (File No. 333-261520) on Form S-3 (the "Avenue 2021 S-3"), which was declared effective on December 10, 2021. Avenue filed a replacement shelf registration on Form S-3 on December 4, 2024 (the "Avenue Replacement Shelf"), under the Securities Act of 1933, as amended, which was later withdrawn. However, effective as of July 18, 2025, Avenue was formally delisted from Nasdaq with Nasdaq's filing on that date of a Form 25 with the SEC; Avenue is therefore ineligible to use Form S-3 and unable to use the Avenue 2021 S-3 or the Avenue Replacement Shelf. On December 15, 2025, Avenue filed a Post-Effective Amendment No. 1 to Form S-3 on Form S-1 (File No. 333-279125), which Post-Effective Amendment was declared effective on December 16, 2025.

In May 2024, Avenue entered into an At-the-Market Offering Agreement (the "Avenue ATM") under which Avenue may offer and sell, from time to time at its sole discretion, up to $3.9 million of shares of its common stock. The offer and sale of the shares will be made pursuant to a base prospectus forming a part of the Avenue 2021 S-3, and the related prospectus supplement dated May 10, 2024. During the year ended December 31, 2025, Avenue issued 0.9 million shares through the Avenue ATM for net proceeds of $2.1 million. During the year ended December 31, 2024, Avenue issued 0.6 million shares through the Avenue ATM for net proceeds of $1.6 million

Avenue 2024 Warrant Exercises and Private Placement

On January 5, 2024, Avenue entered into (i) an inducement offer letter agreement (the "January 2023 Investor Inducement Letter") with a certain investor (the "January 2023 Investor") in connection with certain outstanding warrants to purchase up to an aggregate of 25,871 shares of Common Stock, originally issued to the January 2023 Investor on January 31, 2023 (the "January 2023 Warrants") and (ii) an inducement offer letter agreement (the "November 2023 Investor Inducement Letter Agreement" and, together with the January 2023 Investor Inducement Letter, the "January 2024 Warrant Inducement") with certain investors (the "November 2023 Investors" and, together with the January 2023 Investor, the "Holders") in connection with certain outstanding warrants to purchase up to an aggregate of 194,667 shares of Common Stock, originally issued to the November 2023 Investors on November 2, 2023 (the "November 2023 Warrants" and, together with the January 2023 Warrants, the "Existing Warrants"). The January 2023 Warrants had an exercise price of $116.25 per share, and the November 2023 Warrants had an exercise price of $22.545 per share.

Pursuant to the January 2024 Warrant Inducement, (i) the January 2023 Investor agreed to exercise its January 2023 Warrants for cash at a reduced exercise price of $22.545 per share and (ii) the November 2023 Investors agreed to exercise their November 2023 Warrants for cash at the existing exercise price of $22.545, in each case in consideration for Avenue's agreement to issue in a private placement (x) Series A Warrants to purchase up to 220,538 shares of Avenue Common Stock and (y) Series B Warrants to purchase up to 220,538 shares of Avenue Common Stock. The net proceeds to Avenue from the exercise of the warrants was approximately $4.5 million, after deducting placement agent fees and estimated offering costs, but without giving effect to the exercise of the Series A Warrants and Series B Warrants issued in the January 2024 Warrant Inducement.

The fair value of the Series A Warrants and Series B Warrants was allocated between the January 2023 Warrants and the November 2023 Warrants on a weighted basis, with approximately $0.6 million allocated to the January 2023 Warrants and recorded to loss on common stock warrant liabilities in the Consolidated Statement of Operations, and the approximately $4.3 million allocated to the November 2023 Warrants deemed to be a dividend.

Also in April 2024, Avenue entered into definitive agreements for the immediate exercise of certain of its existing outstanding warrants to purchase an aggregate of 689,680 shares of Avenue's common stock at a reduced exercise price of $6.20 per share (the "May 2024 Warrant Inducement"). The exercised warrants are comprised of warrants to purchase shares of common stock originally issued by Avenue on October 11, 2022, each having an exercise price of $116.25 per share, Series A and Series B warrants to purchase shares of common stock originally issued by Avenue on November 2, 2023, each having an exercise price of $22.545 per share, and warrants to purchase shares of common stock originally issued by Avenue on January 9, 2024, each having an exercise price of $22.545 per share. Total net proceeds to Avenue were approximately $3.7 million after deducting placement agent fees and other expenses payable by Avenue.

In consideration for the immediate exercise of the warrants for cash in the May 2024 Warrant Inducement, Avenue issued two new unregistered series of warrants (the "Avenue May 2024 Warrants") to purchase up to a total of 1,379,360 shares of Avenue common stock for a payment of $0.125 per warrant. The Avenue May 2024 Warrants have an exercise price of $6.20 per share, and terms of eighteen months for one series and five years for the other series. The fair value of the Avenue May 2024 Warrants of approximately $4.5 million is deemed to be a dividend.

Pursuant to the Founders Agreement, Avenue issued to Fortress 2.5% of the aggregate number of shares of Avenue common stock issued in the offerings noted above. Accordingly, Avenue issued 23,474 common shares and 43,772 common shares to Fortress for the years ended December 31, 2025 and December 31, 2024, respectively.

14. Commitments and Contingencies

Leases

The Company's lease portfolio includes leases for our corporate headquarters and office spaces. Most of the Company's lease liabilities result from the lease of its New York City, NY office, which expires in 2031. Such leases do not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees. Certain of the Company's leases include renewal options and escalation clauses; renewal options have not been included in the calculation of the lease liabilities and right of use assets as the Company is not reasonably certain to exercise the options. The Company does not act as a lessor or have any leases classified as financing leases.

For the year ended December 31, 2024, Mustang identified triggering events that required an impairment of the asset group consisting of its right-of-use asset and associated leasehold improvements, and the impairment loss was allocated to leasehold improvements and the right-of-use assets based on the relative carrying amounts of the assets (see Note 5), with $0.4 million of the impairment allocated to the right-of-use asset group. In February 2025, Mustang concurrently exited the lease of its manufacturing facility in Worcester, Massachusetts, relocating its corporate headquarters to 95 Sawyer Road, Waltham, Massachusetts, and divested certain fixed assets including furniture and equipment to AbbVie Bioresearch Center, Inc. for $1.0 million. In connection with the lease termination, Mustang recorded a net gain on lease termination of $0.4 million recorded in research and development expenses on the Consolidated Statement of Operations.

At December 31, 2025, the Company had operating lease liabilities of $14.8 million and right of use assets of $12.3 million, which are included in the Company's Consolidated Balance Sheet.

The Company recognizes rent expense on a straight-line basis over the non-cancellable lease term. Rent expense for the years ended December 31, 2025 and 2024 was $1.2 million and $1.5 million, respectively. The components of lease cost are as follows:

	Year Ended December 31,	
($ in thousands)	**2025**	**2024**
Operating lease cost	$ 2,918	$ 2,758
Shared lease costs	(2,174)	(2,100)
Variable lease cost	413	865
Total lease expense	$ 1,157	$ 1,523

The following tables summarize quantitative information about the Company's operating leases:

	Year Ended December 31,	
($ in thousands)	**2025**	**2024**
Operating cash flows from operating leases	$ (3,197)	$ (3,647)
Right-of-use assets exchanged for new operating lease liabilities	$ 457	$ 188
Weighted-average remaining lease term – operating leases (years)	3.4	3.8
Weighted-average discount rate – operating leases	6.2 %	6.3 %

($ in thousands)	**Future Lease Liability**
Year ended December 31, 2026	2,986
Year ended December 31, 2027	3,188
Year ended December 31, 2028	3,220
Year ended December 31, 2029	3,054
Other	5,114
Total operating lease liabilities	17,562
Less: present value discount	(2,763)
Net operating lease liabilities, short-term and long-term	$ 14,799

License Agreements

The Company has undertaken to make contingent development and commercial milestone payments to the licensors of its portfolio of drug products and candidates. In addition, the Company shall pay royalties to such licensors based on a percentage of net sales of each drug candidate following regulatory marketing approval. For additional information on future milestone payments and royalties, (see Note 7).

Indemnification

In accordance with its certificate of incorporation, bylaws and indemnification agreements, the Company has indemnification obligations to its officers and directors for certain events or occurrences, subject to certain limits, while they are serving at the Company's request in such capacity. There have been no claims to date, and the Company has director and officer insurance to address such claims. The Company and its subsidiaries and partner companies also provide indemnification of contractual counterparties (sometimes without monetary caps) to clinical sites, service providers and licensors.

Legal Proceedings

In the ordinary course of business, the Company and its subsidiaries may be subject to both insured and uninsured litigation. Suits and claims may be brought against the Company by customers, suppliers, partners and/or third parties (including tort claims for personal injury arising from clinical trials of the Company's product candidates and property damage) alleging deficiencies in performance, breach of contract, etc., and seeking resulting alleged damages.

University of Tennessee Research Foundation v. Caelum Biosciences, Inc.

Caelum Biosciences, Inc. ("Caelum"), a former subsidiary of Fortress that was sold to AstraZeneca's Alexion Pharmaceuticals, Inc. subsidiary ("Alexion") in October 2021, was the defendant in a lawsuit brought by The University of Tennessee Research Foundation ("UTRF") captioned as *University of Tennessee Research Foundation v. Caelum Biosciences, Inc.*, No. 19-cv-00508, which was formerly pending in the United States District Court for the Eastern District of Tennessee (the "UTRF Litigation"). UTRF brought claims against Caelum, for, *inter alia*, trade secret misappropriation. UTRF primarily alleged that Caelum unauthorizedly used non-patent trade secrets owned by UTRF in the development of Caelum's 11-1F4 monoclonal antibody, known as CAEL-101. Under the agreement pursuant to which Alexion acquired Caelum (as amended, the "DOSPA"), Fortress had certain indemnification obligations of Caelum pertaining to the UTRF litigation and maintained a consent right over any potential settlements of the UTRF litigation by Caelum.

On September 16, 2024, Caelum and UTRF entered into a stipulation with the court pursuant to which UTRF's claims were dismissed without prejudice; on October 16, 2024, Caelum and UTRF entered into a definitive settlement agreement (the "UTRF-Caelum Settlement Agreement") pursuant to which UTRF's claims were dismissed with prejudice and Caelum agreed to make an upfront payment and additional potential milestone-based payments to UTRF. Fortress and the other sellers under the DOSPA are explicit releasees and third party beneficiaries under the UTRF-Caelum Settlement Agreement. In connection with the execution of the UTRF-Caelum Settlement Agreement, Caelum, Alexion and Fortress entered into an amendment to the DOSPA (the "DOSPA Amendment"), which, *inter alia*: (1) terminated any continuing indemnification by Fortress and the other sellers under the DOSPA in respect of the UTRF Litigation; (2) reduced the amounts of the potential future earn-out payments potentially owing to the sellers under the DOSPA (including Fortress) from an aggregate amount up to $350 million to an aggregate amount up to $295 million; (3) released to Caelum all amounts remaining in an escrow fund that had been established at the time of the Alexion acquisition to backstop potential indemnifiable damages, including those incurring under the UTRF Litigation (with 100% of such released amount constituting reimbursement for legal fees and other expenses incurred by Caelum in defending the UTRF Litigation); and (4) memorialized Fortress' consent for Caelum to settle the UTRF Litigation. Neither the UTRF-Caelum Settlement Agreement nor the DOSPA Amendment implicates any out-of-pocket payment by Fortress or any other seller under the DOSPA. Fortress remains eligible to receive approximately $19 million upon regulatory approval of CAEL-101 and approximately $125 million in the aggregate across all remaining regulatory and sales milestones.

Journey Loss Recovery

In September 2021, Journey was the victim of a business email compromise cybersecurity incident, that affected its accounts payable function and led to approximately $9.5 million in wire transfers being misdirected to fraudulent accounts. Journey recorded the loss as a separate component of operating expenses in its 2021 consolidated financial statements. The FBI was able to trace and seize a portion of the fraudulently transferred cryptocurrency. Subsequently, pursuant to a stipulation and order signed by Journey on September 19, 2024, the United Stated District Court Southern District of New York through the United States Marshalls recovered funds of approximately $4.6 million on December 4, 2024. The proceeds from the recovery were recorded and classified within Journey's Consolidated Statements of Operations as a separate component of operating expenses, consistent with the initial recognition of the loss in 2021.

15. Employee Benefit Plan

On January 1, 2008, the Company adopted a defined contribution 401(k) plan which allows employees to contribute up to a percentage of their compensation, subject to IRS limitations and provides for a discretionary Company match up to a maximum of 4% of employee compensation. For the years ended December 31, 2025 and 2024, the Company paid a matching contribution of $0.7 million and $0.8 million, respectively.

16. Related Party Transactions

Founders Agreement and Management Services Agreement

The Company has entered into Founders Agreements with each of the Fortress partner companies and subsidiaries listed in the table below. Pursuant to each Founders Agreement, in exchange for the time and capital expended in the formation of each partner company/subsidiary and the identification of specific assets the acquisition of which result in the formation of a viable emerging growth life science company, Fortress will loan each such partner company/subsidiary an amount representing the up-front fee required to acquire assets. Each Founders Agreement has a term of 15 years, which upon expiration automatically renews for successive one-year periods unless terminated by the Company or upon a Change in Control (as defined in the Founders Agreement) occurs. In connection with each Founders Agreement the Company received a number of Class A Preferred shares.

The Class A Preferred Stock (such stock, the "Founders Stock") is identical to common stock other than as to voting rights, conversion rights and the Payment-in-Kind ("PIK") Dividend right (as described below). Each share of Founders Stock is entitled to vote the number of votes that is equal to one and one-tenth (1.1) times a fraction, the numerator of which is the sum of (A) the shares of outstanding common stock and (B) the whole shares of common stock into which the shares of outstanding Founders Stock are convertible and the denominator of which is the number of shares of outstanding Founders Stock. Thus, the Founders Stock will at all times constitute a voting majority. Each share of Founders Stock is convertible, at the holder's option, into one fully paid and nonassessable share of common stock of such partner company/subsidiary, subject to certain adjustments.

The holders of Founders Stock, as a class, are entitled receive on each effective date or "Trigger Date" (defined as the date that the Company first acquired, whether by license or otherwise, ownership rights to a product) of each agreement (each a "PIK Dividend Payment Date") and on each anniversary date of such date until the date all outstanding Founders Stock is converted into common stock or redeemed (and the purchase price is paid in full), pro rata per share dividends paid in additional fully paid and nonassessable shares of common stock ("PIK Dividends") such that the aggregate number of shares of common stock issued pursuant to such PIK Dividend is equal to two and one-half percent (2.5%) of such partner company or subsidiary's fully-diluted outstanding capitalization on the date that is one (1) business day prior to any PIK Dividend Payment Date. The Company has reached agreements with several of the partner companies and subsidiaries to change the PIK Dividend Interest Payment Date to January 1 of each year - a change that has not and will not result in the issuance of any additional partner company/subsidiary common stock beyond that amount to which the Company would otherwise be entitled absent such change(s). The Company owns 100% of the Founders Stock of each partner company/subsidiary that has a Founders Agreement with the Company.

As additional consideration under the Founders Agreement, each partner company and subsidiary with which the Company has entered into a Founders Agreement will also: (i) pay an equity fee in shares of the common stock of such partner company/subsidiary, payable within five (5) business days of the closing of any equity or debt financing for each partner company/subsidiary or any of its respective subsidiaries that occurs after the effective date of the Founders Agreement and ending on the date when the Company no longer has majority voting control in such partner company or subsidiary's voting equity, equal to two and one-half (2.5%) of the gross amount of any such equity or debt financing; and (ii) pay a cash fee equal to four and one-half percent (4.5%) of such partner company or subsidiary's annual net sales, payable on an annual basis, within ninety (90) days of the end of each calendar year. In the event of a Change in Control, each such partner company/subsidiary will pay a one-time change in control fee equal to five (5x) times the product of (A) net sales for the twelve (12) months immediately preceding the change in control and (B) four and one-half percent (4.5%). In the case of Urica, however, the obligation to pay Fortress royalties under the Founders Agreement survives any such Change in Control.

The following table summarizes, by subsidiary, the PIK dividends, annual equity fees, and equity fees recorded by the Company in accordance with the terms of the Founders Agreements, Exchange Agreements and the partner companies'/subsidiaries' certificates of incorporation for the years ended December 31, 2025 and 2024 ($ in thousands):

Partner company	PIK Dividend Date	Year Ended December 31, 2025	2024
Avenue	January 1	130	410
Cellvation	October 31	7	10
Checkpoint[1]	January 1	53	8,633
Cyprium	January 1	299	291
Helocyte	January 1	40	39
Mustang	January 1	667	940
Oncogenuity	May 8	9	9
Urica	November 25	87	514
Fortress		(1,292)	(10,846)
Total		$ —	$ —

Note 1: Instead of a PIK dividend, Checkpoint paid the Company an annual equity fee in shares of Checkpoint's common stock equal to 2.5% of Checkpoint's fully diluted outstanding capitalization. Due to the deconsolidation of Checkpoint in May 2025 related to the Sun Pharma transaction (see Note 3), Checkpoint no longer has this obligation to the Company.

Management Services Agreements

The Company has entered into Management Services Agreements (the "MSAs") with certain of its partner companies and subsidiaries. Pursuant to each MSA, the Company's management and personnel provide advisory, consulting and strategic services to each such partner company/subsidiary for an initial period of five (5) years (with such initial terms automatically renewing for successive five-year periods unless terminated by the Company or the partner company/subsidiary on at least 90 days' notice prior to the expiration of any such five-year period). Such services may include, without limitation, (i) advice and assistance concerning any and all aspects of each such company's operations, clinical trials, financial planning and strategic transactions and financings and (ii) conducting relations on behalf of each such company with accountants, attorneys, financial advisors and other professionals (collectively, the "Services"). Each such partner company/subsidiary is obligated to utilize clinical research services, medical education, communication and marketing services and investor relations/public relation services of companies or individuals designated by Fortress, provided those services are offered at market prices. However, such companies are not obligated to take or act upon any advice rendered from Fortress, and Fortress shall not be liable to any such partner company/subsidiary for its actions or inactions based upon Fortress' advice. Fortress and its affiliates, including all members of Fortress' Board of Directors, have been contractually exempted from fiduciary duties to each such partner company/subsidiary relating to corporate opportunities.

The following table summarizes, by partner company/subsidiary, the effective date of the MSA and the annual consulting fee payable by the partner company/subsidiary to Fortress in quarterly installments ($ in thousands):

Partner Company/Subsidiary	**Effective Date**	**2025**	**2024**
Avenue[1]	February 17, 2015	$ 500	250
Cellvation	October 31, 2016	500	500
Checkpoint[2]	March 17, 2015	208	500
Cyprium	March 13, 2017	500	500
Helocyte	March 20, 2015	500	500
Mustang	March 13, 2015	500	500
Oncogenuity	February 10, 2017	500	500
Urica	November 7, 2017	500	500
Fortress		(3,708)	(3,750)
Consolidated (Income)/Expense		$ —	$ —

Note 1: Avenue's MSA fee for 2024 was subject to a Subscription and Forgiveness Agreement signed in November 2024.

Note 2: Due to the deconsolidation of Checkpoint in May 2025 related to the Sun Pharma transaction (see Note 3), Checkpoint no longer has this obligation to the Company.

Fees and Stock Grants Received by Fortress

Fees recorded in connection with Fortress' agreements with its subsidiaries and partner companies are eliminated in consolidation. These include management services fees, issuance of common shares of partner companies in connection with third party raises and annual stock dividend or issuances on the anniversary date of respective Founders Agreements.

Shared Services Agreement with TGTX

In July 2015, TGTX and the Company entered into an arrangement to share the cost of certain research and development employees. The Executive Chairman and Interim Chief Executive Officer of TGTX is also the Company's Executive Vice Chairman, Strategic Development. Under the terms of the Agreement, TGTX reimburses the Company for the salary and benefit costs associated with these employees based upon actual hours worked on TGTX related projects. In connection with the shared services agreement, for the years ended December 31, 2025 and 2024, the Company invoiced TGTX $0.8 million and $0.9 million, respectively. At December 31, 2025, there was approximately $39,000 due from TGTX related to this arrangement.

Desk Share Agreement with TGTX

The Desk Share Agreement between the Company and TGTX, as amended, requires TGTX to pay 65% of the average annual rent for the Company's New York, NY office space. Additionally, the Company has reserved the right to execute desk share agreements with other third parties and those arrangements will affect the cost of the lease actually borne by the Company. Each initial Desk Share Agreement has a term of five years. In connection with the Company's Desk Share Agreement with TGTX for the New York, NY office space, for the years ended December 31, 2025 and 2024, the Company had paid $2.7 million and $2.9 million in rent, respectively, and invoiced TGTX approximately $1.8 million and $1.7 million respectively, for their prorated share of the rent base. At December 31, 2025, there were no amounts due from TGTX related to this arrangement.

Avenue Subscription and Forgiveness Agreement

On November 13, 2024, the Company entered into a Subscription and Forgiveness Agreement with Avenue, whereby the Company agreed to convert 50% of a total of $0.5 million owed by Avenue under the MSA into newly issued common stock of Avenue and forgive the remaining 50% of the accrued balance. Therefore, Avenue issued a total of 122,850 shares to the Company based on the closing price of $2.035 on the day prior to the execution of the agreement.

Board Services Agreement

In December 2016, Checkpoint entered into an advisory agreement effective January 1, 2017 with Caribe BioAdvisors, LLC ("Caribe"), owned by Michael S. Weiss, to provide the advisory services of Mr. Weiss as Chairman of the Board. Pursuant to the agreement, Caribe will be paid an annual cash fee of $60,000, in addition to any and all annual equity incentive grants paid to members of the board. In June 2023, Mr. Weiss assigned the agreement with Checkpoint to Hawkins BioVentures, LLC, also owned by Michael Weiss. For the years ended December 31, 2025 and 2024, Checkpoint recognized approximately $0.2 million and $0.2 million in expenses related to the advisory agreement, including approximately $0.2 million and $0.1 million in expenses related to annual equity incentive grants. As of May 2025, Checkpoint was deconsolidated due to the sale to Sun Pharma (see Note 3).

In January 2017, Mustang entered into an advisory agreement effective January 1, 2017 with Caribe BioAdvisors, LLC, owned by Michael S. Weiss, to provide the advisory services of Mr. Weiss as Chairman of the Board. Pursuant to the agreement, Caribe will be paid an annual cash fee of $60,000, in addition to any and all annual equity incentive grants paid to members of the board. For the years ended December 31, 2025 and 2024, Mustang recognized approximately $60,000 and $60,000 in expenses related to the advisory agreement, respectively.

Shared Services Agreement with Journey

In November 2021, Journey and the Company entered into an arrangement to share the cost of certain legal, finance, regulatory, and research and development employees. The Company's Executive Chairman and Chief Executive Officer is the Executive Chairman of Journey. Under the terms of the arrangement, Journey reimburses the Company for the salary and benefit costs associated with these employees based upon actual hours worked on Journey-related projects. In addition, Journey reimburses the Company for various payroll-related costs and selling, general and administrative costs incurred by Fortress for the benefit of Journey. For the year ended December 31, 2025 and 2024, the Company's employees have provided services to Journey totaling approximately $43,000 and $38,000, respectively. At December 31, 2025, approximately $0.5 million is due from Journey, primarily related to reimbursable expenses incurred by Fortress on behalf of Journey.

Cyprium 9.375% Cumulative Redeemable Perpetual Preferred Stock Dividend Obligation

Pursuant to a private placement in August 2020, Cyprium sold shares of its 9.375% Cumulative Redeemable Perpetual Preferred Stock ("Cyprium PPS"); as of December 31, 2025, there are 320,000 shares of Cyprium PPS outstanding, including 36,600 shares held by Fortress. The Cyprium PPS is fully and unconditionally guaranteed by Fortress.

Pursuant to the terms of the Cyprium PPS, holders of record are entitled to receive a monthly cash dividend of $0.19531 per share, or $2.34375 per share on an annual basis. The Cyprium PPS is required to be redeemed in cash upon the first bona fide, arm's-length sale of a Priority Review Voucher (a "PPS PRV Sale") issued by the FDA in connection with the approval of CUTX-101. Upon a PPS PRV Sale, each share of Cyprium PPS is automatically redeemed for an amount equal to twice the $25.00 liquidation preference, plus accumulated and unpaid dividends to, but excluding, the redemption date. Beginning 24 months after issuance, holders had the right to elect an exchange of the Cyprium PPS, with settlement at Fortress' election in cash or Fortress' Series A Preferred Stock. A mandatory exchange, also settleable at Fortress' election in cash or Fortress' Series A Preferred Stock, was initially scheduled to occur on September 30, 2024. In September 2024, Cyprium offered holders the opportunity to waive enforcement of, and extend the mandatory exchange date to March 31, 2026, and therefore remain eligible to receive the redemption price upon a PPS PRV Sale, and waive the optional exchange right (the "PPS Extension"). Holders of 283,400 shares of Cyprium PPS opted into the PPS Extension.

For the purposes of the consolidated financial statements as of December 31, 2025, the Company recorded an immaterial out of period adjustment to account for the Cyprium PPS as a financing obligation and recorded the carrying amount in the consolidated balance sheets as partner company perpetual preferred liability.

In addition, the Company concluded that the redemption feature associated with a PPS PRV Sale required bifurcation as an embedded derivative, with remeasurement to fair value at each reporting date. The fair value of the embedded derivative was not material in any period presented. As of December 31, 2025, although the NDA for CUTX-101 had been resubmitted and assigned a new PDUFA date of January 14, 2026, following the October 2024 Complete Response Letter, significant uncertainty remained regarding whether approval would be obtained, whether a PRV would be issued, and whether a PPS PRV Sale could be executed on a timely basis on agreeable terms prior to the March 31, 2026 mandatory exchange date. As a result, the fair value of the embedded derivative remained immaterial as of December 31, 2025.

In February 2026, the Company, Cyprium and an undisclosed buyer entered into a definitive agreement to sell Cyprium's PRV for $205 million (see Note 20) and the Cyprium PPS was automatically redeemed in accordance with its terms for an amount equal to twice the $25.00 liquidation preference, pursuant to the terms of the Cyprium PPS, plus accumulated and unpaid dividends to, but excluding, the redemption date. In March 2026, Cyprium paid $14.2 million to redeem the outstanding Cyprium PPS, which included accumulated and unpaid dividends, and subsequently the sale of the PRV also closed.

17. Income Taxes

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards.

The components of the income tax provision are as follows:

($ in thousands)	Year Ended December 31, 2025	2024
Current		
Federal	$ —	$ 3
State	(498)	140
Deferred		
Federal	(99)	136
State	(23)	33
Total	$ (620)	$ 312

For the years ended December 31, 2025 and 2024, income tax expense (benefit) was ($0.6) million and $0.3 million, respectively, resulting in an effective income tax rate of 1.9% and -0.2%. The income tax benefit in 2025 is primarily driven by uncovered deferred tax liabilities related to investments in subsidiaries, state income taxes and state uncertain tax positions, and interest that rolled off and accrued related to a prior-year uncertain tax position.

The Company has incurred net operating losses since inception. The Company has not reflected any benefit of such net operating loss carryforwards (“NOL”) in the accompanying Consolidated Financial Statements and has established a valuation allowance of $294.1 million against its net deferred tax assets. Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards.

The significant components of the Company's deferred taxes consist of the following:

($ in thousands)	As of December 31, 2025	2024
Deferred tax assets:		
Net operating loss carryforwards	$ 201,473	$ 232,740
Amortization of license fees	17,303	29,421
Amortization of in-process R&D	180	242
Stock compensation	6,398	12,773
Lease liability	3,534	4,763
Accruals and reserves	4,228	3,676
Tax credits	34,127	40,623
Startup costs	10	30
Unrealized gain/loss on investments	64	48
Section 174 R&D expenditure capitalization	22,937	53,510
State taxes	27	(70)
Business interest limitation	4,046	4,154
Reserve on Sales Return, Discount and Bad Debt	4,636	2,714
Total deferred tax assets	298,963	384,624
Less: valuation allowance	(294,081)	(377,965)
Net deferred tax assets	$ 4,882	$ 6,659
Deferred tax liabilities:		
Debt issuance costs	—	(42)
Right of use asset	(2,937)	(3,800)
Basis in subsidiary	(1,998)	(3,219)
Other	(227)	—
Total deferred tax liabilities, net	$ (280)	$ (402)

The Company adopted ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, on a prospective basis. As a result, the 2025 rate reconciliation is presented in accordance with the new disclosure requirements, while the 2024 reconciliation continues to be presented under the disclosure requirements in effect for that period.

A reconciliation of income tax computed at the federal statutory rate to the provision for income taxes pursuant to the disclosure requirements of ASU 2023-09 for the year ended December 31, 2025, was as follows:

	Year Ended December 31, 2025	
($ in thousands)	Amount	Percentage
U.S. federal statutory tax rate	$ (7,020)	21.0 %
State and local income taxes, net of federal income tax effect[1]	1,525	(4.6)%
Tax credits	(325)	1.0 %
Change in valuation allowance	(75,103)	224.7 %
Non-deductible items:		
Share-based compensation	5,206	(15.6)%
Transaction costs	3,106	(9.3)%
Other	(191)	0.6 %
Changes in unrecognized tax benefits	(2,073)	6.2 %
Other Adjustments:		
Sale of subsidiaries[2]	75,159	(224.8)%
Sale of IP	(1,515)	4.5 %
Other	611	(1.8)%
Provision for income taxes and effective income tax rate	$ (620)	1.9 %

Note 1: During the year ended December 31, 2025, state taxes in New York, New York City, Massachusetts, and Florida comprised greater than 50% of the tax effect in this category.

Note 2: The Sale of Subsidiaries is mostly driven by the write-off of Checkpoint's tax attributes and other deferred tax assets due to the sale of the subsidiary in 2025. There is an offsetting impact within the Change in Valuation Allowance as the deferred tax assets maintain a full valuation allowance.

A reconciliation of the statutory tax rates and the effective tax rates for the year ended December 31, 2024 is as follows:

	Year Ended December 31, 2024
Percentage of pre-tax income:	
U.S. federal statutory income tax rate	21.0 %
State taxes, net of federal benefit	4.2 %
Credits	1.8 %
Non-deductible items	(0.5)%
Provision to return	(3.7)%
Stock based compensation shortfall	(0.4)%
Change in state rate	(8.2)%
Change in valuation allowance	(9.6)%
Change in subsidiary basis	(1.0)%
Adjustment for warrants	(0.1)%
Section 162(m) compensation disallowance	(3.5)%
Other	(0.2)%
Effective income tax rate	(0.2)%

The Company files a consolidated income tax return with subsidiaries in which the Company has an 80% or greater ownership interest. Subsidiaries and partner companies in which the Company does not have an 80% or more ownership are not included in the Company's consolidated income tax group and file their own separate income tax return. As a result, certain corporate entities included in these financial statements are not able to combine or offset their taxable income or losses with other entities' tax attributes.

ASC 740 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of all positive and negative evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. Realization of the deferred tax assets is substantially dependent on the Company's ability to generate sufficient taxable income within certain future periods. Management has considered the Company's history of cumulative tax and book losses incurred since inception, and the other positive and negative evidence, and has concluded that it is more likely than not that the Company will not realize the benefits of the net deferred tax assets as of December 31, 2025 and 2024. Accordingly, a full valuation allowance has been established against the net deferred tax assets as of December 31, 2025 and 2024. The valuation allowance decreased by a net $83.9 million during the current year.

The Company has incurred net operating losses ("NOLs") since inception. At December 31, 2025, the Company had federal NOLs of $659.4 million, which will begin to expire in the year 2032, state NOLs of $1,130.7 million, which will begin to expire in 2026, and federal income tax credits of $30.1 million and state income tax credits of $5.1 million, which will begin to expire in 2028. Approximately $496.1 million of the federal NOLs and $24.2 million of the state NOLs can be carried forward indefinitely. Under the provisions of Section 382 of the Internal Revenue Code, a corporation that undergoes an "ownership change", as defined therein, is subject to limitations on its use of pre-change NOLs and income tax credits carryforwards to offset future tax liabilities. It appears the Company underwent previous ownership changes potentially limiting its use of tax attributes. The Company has recorded a full valuation allowance on all of its deferred tax assets, as it believes that it is more likely than not that the deferred tax assets will not be realized regardless of whether an "ownership change" has occurred.

In accordance with the provisions related to accounting for uncertainty in income taxes, the Company recognizes the benefit of tax position if the position is "more likely than not" to prevail upon examination by the relevant tax authority. The table below sets forth a reconciliation of the beginning and ending amount of unrecognized tax benefits:

($ in thousands)	**Year Ended December 31, 2025**
Balance at December 31, 2024	$ 3,200
Reductions for lapse in statute of limitations	(2,233)
Balance at December 31, 2025	$ 967

For the year ended December 31, 2025, the Company has $1.0 million of unrecognized tax benefits. If the $1.0 million of unrecognized tax benefits is recognized, approximately $0.2 million would affect the effective tax rate. At this time, the estimate of the range of the reasonably possible outcomes cannot be made.

The Company classifies interest and penalties related to uncertain tax positions as income tax expense. The Company has accrued for $0.1 million and approximately $0.2 million of such interest as of December 31, 2025 and 2024, respectively. No penalties have been accrued for. The NOLs from tax years 2012 through 2024 remain open to examination (and adjustment) by the Internal Revenue Service and state taxing authorities. In addition, due to net operating losses, all federal tax years dating back to 2012 remain open for the assessment of income taxes. The expiration of the statute of limitations for state income and franchise tax returns varies by state.

On July 4, 2025, President Donald J. Trump signed the "One Big Beautiful Bill Act" (OBBBA) into law. Key corporate tax provisions include the restoration of 100% bonus depreciation, immediate expensing for domestic research and experimental expenditures, changes to interest limitation rules, and expanded aggregation requirements for compensation deductibility limits. In accordance with ASC 740, the Company recognized the effects of the new tax law in the period enacted. As a result, the Company immediately expensed current-year domestic research and experimental expenditures and elected to continue amortizing its existing domestic capitalized research and experimental expenditures over their remaining useful lives. Urica Therapeutics, Inc. and Cyprium Therapeutics, Inc., however, elected to accelerate amortization of the previously unamortized costs over one-year and two-year periods, respectively. Due to the Company having a full valuation allowance, there were no impacts to the effective tax rate.

Income taxes paid (net of refunds received) by jurisdiction, pursuant to the disclosure requirements of ASU 2023-09, were as follows:

($ in thousands)	**Year Ended December 31, 2025**
Federal	$ 1
State	
Texas	45
Other	3
Total net payments	$ 49

18. Segment Information

The Company's reportable segments for operating income (loss) for the years ending December 31, 2025 and 2024 consist of the following:

Year Ended December 31, 2025	Journey	Avenue	Checkpoint[1]	Mustang	Fortress[2]	Consolidated
Product revenue, net	$ 61,239	$ —	$ —	$ —	$ —	$ 61,239
Other revenue	619	1,404	—	—	—	2,023
Net revenue	61,858	1,404	—	—	—	63,262
Cost of goods - (excluding amortization of acquired intangible assets)	20,924	—	—	—	—	20,924
Amortization of acquired intangible assets	4,258	—	—	—	—	4,258
Research and development	480	1,037	10,775	(1,516)	1,125	11,901
Selling, general and administrative	44,368	3,450	27,263	3,948	17,371	96,400
Total operating expenses	70,030	4,487	38,038	2,432	18,496	133,483
Loss from operations	(8,172)	(3,083)	(38,038)	(2,432)	(18,496)	(70,221)
Interest income	589	121	90	511	1,174	2,485
Interest expense and financing fee	(3,698)	—	—	—	(6,408)	(10,106)
Gain (loss) on common stock warrant liabilities	—	15	(108)	—	(305)	(398)
Gain from deconsolidation of subsidiary	—	—	—	—	27,127	27,127
Other expense	(90)	—	(3)	—	17,671	17,578
Total other income (expense)	(3,199)	136	(21)	511	39,259	36,686
Income (loss) before income tax expense	(11,371)	(2,947)	(38,059)	(1,921)	20,763	(33,535)
Income tax expense (benefit)	60	—	—	—	(680)	(620)
Segment net income (loss)	$ (11,431)	$ (2,947)	$ (38,059)	$ (1,921)	$ 21,443	$ (32,915)
Attributable to non-controlling interests						39,730
Net income attributable to Fortress						$ 6,815
Intersegment activity[3]:						
Research and development	$ —	$ 326	$ —	$ 523	$ (849)	$ —
Selling, general and administrative	$ —	$ 304	$ 261	$ 644	$ (1,209)	$ —
Other Significant Items:						
Change in fair value of equity method investment accounted for at fair value within other income	$ —	$ —	$ —	$ —	$ 15,075	$ 15,075
Segment assets	$ 94,589	$ 2,931	$ —	$ 17,593	$ 70,435	$ 185,548
Stock-based compensation - Research & development	$ —	$ 124	$ 4,782	$ (10)	$ 1,371	$ 6,267
Stock-based compensation - Selling, general and administrative	$ 6,288	$ 541	$ 9,315	$ 139	$ 6,189	$ 22,472

Note 1: Checkpoint results through May 2025 due to deconsolidation as a result of acquisition by Sun Pharma (see Note 3).
Note 2: Includes Fortress and private subsidiaries primarily funded by Fortress, including Cellvation, Cyprium, Helocyte, Oncogenuity and Urica; and intercompany eliminations.
Note 3: Intersegment activity consists of PIK Dividends and MSA and equity fees paid by the subsidiaries to Fortress, see Note 16.

Year Ended December 31, 2024	Journey	Avenue	Checkpoint	Mustang	Fortress[1]	Consolidated
Product revenue, net	$ 55,134	$ —	$ —	$ —	$ —	$ 55,134
Collaboration revenue	—	—	—	—	1,500	1,500
Revenue - related party	—	—	41	—	—	41
Other revenue	1,000	—	—	—	—	1,000
Net revenue	56,134	—	41	—	1,500	57,675
Cost of goods - (excluding amortization of acquired intangible assets)	20,879	—	—	—	—	20,879
Amortization of acquired intangible assets	3,424	—	—	—	—	3,424
Research and development	9,857	6,645	36,152	8,418	(4,443)	56,629
Research and development - licenses acquired	—	—	—	—	252	252
Selling, general and administrative	40,204	4,638	20,063	4,135	18,691	87,731
Loss recovery	(4,553)	—	—	—	—	(4,553)
Asset impairment	—	—	—	3,692	—	3,692
Total operating expenses	69,811	11,283	56,215	16,245	14,500	168,054
Loss from operations	(13,677)	(11,283)	(56,174)	(16,245)	(13,000)	(110,379)
Interest income	757	176	11	184	1,555	2,683
Interest expense and financing fee	(2,700)	—	—	(5)	(10,822)	(13,527)
Gain (loss) on common stock warrant liabilities	1,125	(589)	(73)	—	(1,101)	(638)
Other income (expense)	(116)	—	(4)	314	1,124	1,318
Total other income (expense)	(934)	(413)	(66)	493	(9,244)	(10,164)
Loss before income tax expense	(14,611)	(11,696)	(56,240)	(15,752)	(22,244)	(120,543)
Income tax expense	61	—	—	—	251	312
Segment net loss	$ (14,672)	$ (11,696)	$ (56,240)	$ (15,752)	$ (22,495)	$ (120,855)
Attributable to non-controlling interests						74,858
Net loss attributable to Fortress						$ (45,997)
Intersegment activity[2]:						
Research and development	$ —	$ 329	$ 7,638	$ 861	$ (8,828)	$ —
Selling, general and administrative	$ —	$ 331	$ 1,495	$ 579	$ (2,405)	$ —
Other Significant Items:						
Depreciation expense	$ —	$ —	$ —	$ 671	$ 369	$ 1,040
Additions to intangible assets	$ 15,000	$ —	$ —	$ —	$ —	$ 15,000
Segment assets	$ 80,241	$ 2,672	$ 7,471	$ 9,308	$ 44,531	$ 144,223
Stock-based compensation - Research & development	$ 508	$ 269	$ 5,248	$ (650)	$ 1,746	$ 7,121
Stock-based compensation - Selling, general and administrative	$ 5,590	$ 967	$ 10,004	$ 200	$ 8,737	$ 25,498

Note 1: Includes Fortress and private subsidiaries primarily funded by Fortress: Cellvation, Cyprium, Helocyte, Oncogenuity and Urica; and intercompany eliminations.
Note 2: Intersegment activity consists of PIK Dividends and MSA and equity fees paid by the subsidiaries to Fortress, see Note 16**.**

19. Revenues from Contracts and Significant Customers

Disaggregation of Total Revenues

All of Journey's product revenues are recorded in the U.S. The Company's collaboration revenue for the year ended December 31, 2024 is from Cyprium's agreement with Sentynl (see Note 3). The Company's revenue - related party for the year ended December 31, 2024 was from Checkpoint's collaborations with TGTX.

The table below summarizes the Company's revenue for the years ended December 31, 2025 and 2024:

	Year Ended December 31,	
($ in thousands)	**2025**	**2024**
Emrosi	$ 14,745	$ —
Qbrexza	25,014	25,114
Accutane	12,882	19,407
Foam franchise products (Amzeeq & Zilxi)	5,859	6,652
Other / legacy product revenue	2,739	3,961
Collaboration revenue	—	1,500
Revenue – related party	—	41
Other revenue	2,023	1,000
Total net revenue	$ 63,262	$ 57,675

Other revenue for the year ended December 31, 2025, consists of $0.6 million recognized by Journey related to the Cutia Agreement (see Note 7) and $1.4 million recognized by Avenue related to the AnnJi license termination and program transfer (see Note 7). Other revenue for the year ended December 31, 2024, reflects a $1.0 million milestone payment from Cutia triggered by the marketing approval Cutia received in the fourth quarter of 2024 for topical 4% minocycline foam in China (see Note 7).

Significant Customers

For the years ended December 31, 2025 and 2024, none of Journey's Dermatology Products customers individually accounted for more than 10.0% of its total gross product revenue.

For the year ended December 31, 2025, none of Journey's Dermatology Products customers accounted for more than 10% of its total accounts receivable balance. For the year ended December 31, 2024, one of Journey's Dermatology Products customers accounted for more than 10% of its total accounts receivable balance at 10.3%.

20. Subsequent Events

CUTX-101 Product Approval, PRV Sale, and Cyprium PPS Redemption - Cyprium

On January 13, 2026, the FDA approved ZYCUBO (formerly known as CUTX-101) for the treatment of Menkes disease in pediatric patients. A PRV was issued in connection with the FDA approval and was transferred to Cyprium (see Note 3).

On February 22, 2026, Cyprium entered into a definitive asset purchase agreement to sell its PRV (the "PRV APA") for gross proceeds of $205 million upon the closing of the transaction. Cyprium is obligated to pay 20% of the PRV APA proceeds to the Eunice Kennedy Shriver National Institute of Child Health and Human Development, an institute of the National Institutes of Health. The PRV APA contains customary representations, warranties, covenants and indemnification provisions, in each case subject to certain limitations.

On March 30, 2026, the Company and Cyprium announced the closing of the PRV APA transaction. The Company is currently evaluating the tax effect of the sale and whether it will be able to realize any of its net operating loss carryforwards. In connection with the PRV APA, the Cyprium PPS was automatically redeemed in accordance with its terms for an amount equal to twice the $25.00 liquidation preference, pursuant to the terms of the Cyprium PPS, plus accumulated and unpaid dividends to, but excluding, the redemption date.

New York, NY Sublease - Fortress

On February 10, 2026, the Company entered into a sublease agreement for all of its leased square footage, approximately 23,000 square feet, of its New York, NY office leased by the Company pursuant to a lease between the Company and Sage Realty Corporation ("Landlord"). The sublease, subject to Landlord approval, will commence on April 1, 2026, and expires on August 31, 2031. The Company will receive approximately $11.8 million in base rent payments over the term of the sublease.

ATX-04 License from Duke University – Avenue

On February 18, 2026, Avenue entered into a license agreement with Duke University ("Duke"), whereby Avenue obtained an exclusive worldwide license (the "ATX-04 License") from Duke to certain patents and know-how pertaining to clenbuterol for the treatment of lysosomal storage diseases. ATX-04 is a selective β2-adrenergic agonist with human proof-of-concept data demonstrating improved muscle function and enhanced response to enzyme replacement therapy. Under the ATX-04 License, Avenue agreed to make an upfront payment and reimburse certain patent expenses to Duke and has an obligation to make development, regulatory, and commercial milestone payments upon the achievement of certain milestones. In addition, Avenue is obligated to pay a tiered low single-digit royalty on future net sales of ATX-04. Avenue intends to advance ATX-04 through a late-stage clinical development program leveraging existing human safety and efficacy data, with an initial focus on treating Pompe disease as an adjunct to enzyme replacement therapy.

Second Amendment to the 2024 Oaktree Agreement – Fortress

On February 22, 2026, the Company, as borrower, entered into the Second Amendment to the 2024 Oaktree Agreement (the "Second Amendment"). Pursuant to the terms of the Second Amendment, certain financial covenants were amended such that in the event that the outstanding principal balance under the 2024 Oaktree Agreement is less than or equal to $15.0 million and the Company receives the distribution of proceeds from Cyprium following the closing of the sale of the PRV by Cyprium pursuant to the PRV APA (the "2026 Cyprium Monetization Event"), the minimum liquidity required will be $2.0 million (the "Minimum Liquidity Amount"), the Minimum Net Sales Covenant (whereby the product net sales of JMC must meet a consolidated minimum net sales amount on a trailing twelve-month basis, tested quarterly, as defined in the 2024 Oaktree Agreement) will no longer apply, the Capital Raise Covenant (whereby the Company must have received certain minimum amounts through capital raises or monetizations in each year, as defined in the New Oaktree Agreement) will no longer apply, and the Minimum JMC Stake Covenant (whereby the Company must maintain certain levels of ownership in JMC, as defined in the New Oaktree Agreement) will no longer apply.

Each of the above-described covenants, namely, the Minimum Liquidity Amount, the Minimum Net Sales Covenant, the Capital Raise Covenant and the Minimum JMC Stake Covenant will no longer apply in the event the outstanding principal balance under the 2024 Oaktree Agreement is less than or equal to $10.0 million. Failure by the Company to comply with the financial covenants will result in an event of default, subject to certain cure rights of the Company with respect to the described covenants.

In addition, the Second Amendment also obligates the Company to cause Cyprium to repay any amounts that the Company advanced to Cyprium pursuant to the Second Amended and Restated Future Advance Promissory Note issued by Cyprium in favor of the Company in connection with a 2026 Cyprium Monetization Event and to make a mandatory prepayment of the amount owed under the New Oaktree Agreement in an aggregate principal amount of $10.0 million (the "Cyprium Monetization Prepayment"), together with accrued interest and the Yield Protection Premium (as defined in the New Oaktree Agreement) subject to applicable fees and conditions as described in the New Oaktree Agreement.

On March 30, 2026, the Company made aggregate prepayments on the loan under the New Oaktree Agreement, including the Cyprium Monetization Prepayment, that reduced the outstanding principal balance to $15.0 million.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Fortress Biotech, Inc.

March 31, 2026

By: /s/ Lindsay A. Rosenwald, M.D.
Lindsay A. Rosenwald, M.D.
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Lindsay A. Rosenwald, M.D. Lindsay A. Rosenwald, M.D.	Chairman of the Board of Directors, President and Chief Executive Officer (*Principal Executive Officer*)	March 31, 2026
/s/ David Jin David Jin	Chief Financial Officer (*Principal Financial Officer and Principal Accounting Officer*)	March 31, 2026
/s/ Michael S. Weiss Michael S. Weiss	Executive Vice Chairman, Strategic Development and Director	March 31, 2026
/s/ Jimmie Harvey, Jr., M.D. Jimmie Harvey, Jr., M.D.	Director	March 31, 2026
/s/ Malcolm Hoenlein Malcolm Hoenlein	Director	March 31, 2026
/s/ Dov Klein Dov Klein	Director	March 31, 2026
/s/ J. Jay Lobell J. Jay Lobell	Director	March 31, 2026
/s/ Kevin L. Lorenz, J.D. Kevin Lorenz	Director	March 31, 2026

Exhibit 4.4

DESCRIPTION OF SECURITIES

Fortress Biotech, Inc. ("we," "our," "the Company," or "us) has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock, with $0.0001 par value ("Common Stock"), and our 9.375% Series A Cumulative Redeemable Perpetual Preferred Stock. The following descriptions of our Common Stock, preferred stock and warrants are summaries and are qualified in their entirety by reference to our Amended and Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), our Third Amended and Restated Bylaws (the "Bylaws") and our outstanding warrants. We encourage you to read the Certificate of Incorporation, Bylaws, and warrants, as well as the applicable provisions of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), for more information.

DESCRIPTION OF CAPITAL STOCK

The following summary of the terms of our common stock may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our amended and restated certificate of incorporation and our amended and restated bylaws. You should refer to, and read this summary together with, our amended and restated certificate of incorporation and restated bylaws to review all of the terms of our common stock that may be important to you.

Common Stock

The Company's certificate of incorporation, as amended, authorizes the Company to issue up to 200,000,000 shares of $0.001 par value common stock ("Common Stock"). Our Common Stock is traded on The Nasdaq Capital Market under the symbol "FBIO."

The terms, rights, preference and privileges of the Common Stock are as follows:

Voting Rights

Each holder of Common Stock is entitled to one vote per share of Common Stock held on all matters submitted to a vote of the stockholders, including the election of directors. The Company's certificate of incorporation and bylaws do not provide for cumulative voting rights.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, the holders of the Company's outstanding shares of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by the Company's Board of Directors out of legally available funds.

Liquidation

In the event of the Company's liquidation, dissolution or winding up, holders of Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of the Company's debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Rights and Preference

Holders of the Company's Common Stock have no preemptive, conversion or subscription rights, and there is no redemption or sinking fund provisions applicable to our Common Stock. The rights, preferences and privileges of the holders of Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of the Company's preferred stock that are or may be issued.

Fully Paid and Nonassessable

All of the Company's outstanding shares of Common Stock are fully paid and nonassessable.

Preferred Stock

Under the terms of our Certificate of Incorporation, our board of directors is authorized to issue up to 15,000,000 shares of preferred stock, par value $0.001 per share. Our board of directors may issue shares of preferred stock in one or more series without stockholder approval, and has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock. We may amend from time to time our Certificate of Incorporation to increase the number of authorized shares of preferred stock. Any such amendment would require the approval of the holders of a majority of the voting power of the shares entitled to vote thereon. As of the date of the filing of the Company's Annual Report on Form 10-K to which Description of Securities is attached as an exhibit, we have 15,000,000 shares of preferred shares authorized, which includes the 5,000,000 shares of our Series A Cumulative Redeemable Perpetual Preferred Stock (the "Series A Preferred Stock"). As of the date of the filing of the Company's Annual Report on Form 10-K to which Description of Securities is attached as an exhibit, 3,427,138 shares of our Series A Preferred Stock are issued and outstanding. No other classes of preferred stock have been designated or issued at this time.

It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of the holders of Common Stock until the board of directors determines the specific rights of the holders of preferred stock. However, possible effects of the issuance of preferred stock include restricting dividends on Common Stock, diluting the voting power of Common Stock, impairing the liquidation rights of Common Stock, and making it more difficult for a third party to acquire us, which could have the effect of discouraging a third party from acquiring, or deterring a third party from paying a premium to acquire, a majority of our outstanding voting stock.

The particular terms of any new series of preferred stock being offered by us will set forth in a certificate of designations relating to that series of preferred stock. Those terms may include:

- the title and liquidation preference per share of the preferred stock and the number of shares offered;
- the purchase price of the preferred stock;
- the dividend rate (or method of calculation);
- the dates on which dividends will be paid and the date from which dividends will begin to accumulate;
- any redemption or sinking fund provisions of the preferred stock;
- any listing of the preferred stock on any securities exchange or market;
- any conversion provisions of the preferred stock;
- the voting rights, if any, of the preferred stock; and
- any additional dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions of the preferred stock.

The preferred stock will, when issued, be fully paid and non-assessable.

Series A Preferred Stock

On October 26, 2017, the Company designated 5,000,000 shares of preferred stock as the Series A Preferred Stock. Our Series A Preferred Stock is traded on The Nasdaq Capital Market under the symbol "FBIOP."

The terms, rights, preference and privileges of the Series A Preferred Stock are as follows:

Voting Rights

Except as may be otherwise required by law, the voting rights of the holders of the Series A Preferred Stock are limited to the affirmative vote or consent of the holders of at least two-thirds of the votes entitled to be cast by the holders of the Series A Preferred Stock outstanding at the time in connection with the: (1) authorization or creation, or increase in the authorized or issued amount of, any class or series of capital stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up or reclassification of any of the Company's authorized capital stock into such shares, or creation, authorization or issuance of any obligation or security convertible into or evidencing the right to purchase any such shares; or (2) amendment, alteration, repeal or replacement of the Company's certificate of incorporation, including by way of a merger, consolidation or otherwise in which the Company may or may not be the surviving entity, so as to materially and adversely affect and deprive holders of Series A Preferred Stock of any right, preference, privilege or voting power of the Series A Preferred Stock.

Dividends

Dividends on Series A Preferred Stock accrue daily and will be cumulative from, and including, the date of original issue and shall be payable monthly, at the rate of 9.375% per annum of its liquidation preference, which is equivalent to $2.34375 per annum per share. The first dividend on Series A Preferred Stock was payable on December 31, 2017 (in the amount of $0.299479 per share) to the holders of record of the Series A Preferred Stock at the close of business on December 15, 2017.

No Maturity Date or Mandatory Redemption

The Series A Preferred Stock has no maturity date, and the Company is not required to redeem the Series A Preferred Stock. Accordingly, the Series A Preferred Stock will remain outstanding indefinitely unless the Company decides to redeem it pursuant to its optional redemption right or its special optional redemption right in connection with a Change of Control (as defined below), or under the circumstances set forth below under "Limited Conversion Rights Upon a Change of Control" and elect to convert such Series A Preferred Stock. The Company is not required to set aside funds to redeem the Series A Preferred Stock.

Optional Redemption

The Series A Preferred Stock may be redeemed in whole or in part (at the Company's option) any time on or after December 15, 2022, upon not less than 30 days nor more than 60 days' written notice by mail prior to the date fixed for redemption thereof, for cash at a redemption price equal to $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the redemption date.

Special Optional Redemption

Upon the occurrence a Change of Control (as defined below), the Company may redeem the shares of Series A Preferred Stock, at its option, in whole or in part, within one hundred twenty (120) days of any such Change of Control, for cash at $25.00 per share, plus accumulated and unpaid dividends (whether or not declared) to, but excluding, the redemption date. If, prior to the Change of Control conversion date (the "Change of Control Conversion Date"), the Company has provided notice of its election to redeem some or all of the shares of Series A Preferred Stock (whether pursuant to the Company's optional redemption right described above under "Optional Redemption" or this special optional redemption right), the holders of shares of Series A Preferred Stock will not have the Change of Control conversion right with respect to the shares of Series A Preferred Stock called for redemption. If the Company elects to redeem any shares of the Series A Preferred Stock as described in this paragraph, the Company may use any available cash to pay the redemption price.

A "Change of Control" is deemed to occur when, after the original issuance of the Series A Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of the Company's stock entitling that person to exercise more than 50% of the total voting power of all the Company's stock entitled to vote generally in the election of the Company's directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

- following the closing of any transaction referred to in the bullet point above, neither the Company nor the acquiring or surviving entity has a class of common equity securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American LLC or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American LLC or the Nasdaq Stock Market.

Conversion, Exchange and Preemptive Rights

Except as described below under "Limited Conversion Rights upon a Change of Control," the Series A Preferred Stock is not subject to preemptive rights or convertible into or exchangeable for any other securities or property at the option of the holder.

Limited Conversion Rights upon a Change of Control

Upon the occurrence of a Change of Control, each holder of shares of Series A Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, the Company has provided or provides irrevocable notice of its election to redeem the Series A Preferred Stock as described above under "Optional Redemption," or "Special Optional Redemption") to convert some or all of the shares of Series A Preferred Stock held by such holder on the Change of Control Conversion Date, into the Common Stock Conversion Consideration, which is equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of Series A Preferred Stock plus the amount of any accumulated and unpaid dividends (whether or not declared) to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Stock dividend payment and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accumulated and unpaid dividend will be included in this sum) by (ii) the price of Common Stock at the Change of Control Conversion Date, as determined in accordance with the certificate of designations for the Series A Preferred Stock; and

- 13.05483 shares of Common Stock, subject to certain adjustments.

In the case of a Change of Control pursuant to which the Company's common stock will be converted into cash, securities or other property or assets, a holder of Series A Preferred Stock will receive upon conversion of such Series A Preferred Stock the kind and amount of any alternative form of consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of the Company's common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control.

Notwithstanding the foregoing, the holders of shares of Series A Preferred Stock will not have the right to convert upon a Change of Control if the acquiror has shares listed or quoted on the NYSE, the NYSE American LLC or Nasdaq Stock Market or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American LLC or Nasdaq Stock Market, and the Series A Preferred Stock becomes convertible into or exchangeable for such acquiror's listed shares upon a subsequent Change of Control of the acquiror.

Liquidation Preference

In the event the Company liquidates, dissolves or is wound up, holders of the Series A Preferred Stock will have the right to receive $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any payment is made to the holders of the Company's Common Stock.

Ranking

The Series A Preferred Stock will rank, with respect to rights to the payment of dividends and the distribution of assets upon the Company's liquidation, dissolution or winding up, (1) senior to all classes or series of the Company's Common Stock and to all other equity securities issued by the Company other than equity securities referred to in clauses (2) and (3); (2) on a par with all equity securities issued by the Company with terms specifically providing that those equity securities rank on a par with the Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon the Company's liquidation, dissolution or winding up; (3) junior to all equity securities issued by the Company with terms specifically providing that those equity securities rank senior to the Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon the Company liquidation, dissolution or winding up; and (4) junior to all of the Company's existing and future indebtedness.

Transfer Agent

VStock Transfer, LLC serves as the transfer agent and registrar for all of our Common Stock and Series A Preferred Stock.

DESCRIPTION OF WARRANTS

2020 Oaktree Warrants

As of December 31, 2025, there were 131,087 warrants to purchase our Common Stock (the "2020 Oaktree Warrants") that were issued on August 27, 2020, pursuant to a senior secured credit agreement with Oaktree Fund Administration, LLC ("Oaktree"), as the administrative agent, and the lenders from time-to-time party thereto (the "2020 Credit Agreement"). The 2020 Oaktree Warrants allow for Oaktree and certain of its affiliates to purchase up to 131,087 shares of our Common Stock.

The following is a summary of certain terms and provisions of the 2020 Oaktree Warrants.

Exercisability

The 2020 Oaktree Warrants became exercisable immediately upon issuance for a period of ten (10) years. The 2020 Oaktree Warrants are exercisable, at the option of each holder, in whole, or in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares of our Common Stock purchased upon such exercise. Each 2020 Oaktree Warrant is exercisable for one share of our Common Stock (subject to adjustment, as discussed below). The holders of the 2020 Oaktree Warrants do not have the right to exercise any portion of the 2020 Oaktree Warrant if the holder would beneficially own in excess of 9.99% of the shares of our Common Stock outstanding immediately after giving effect to such exercise.

Exercise Price

The exercise price of the Common Stock purchasable upon exercise of the 2020 Oaktree Warrants was originally $48.00 per share. On June 13, 2023, the Company lowered the exercise price of the 2020 Oaktree Warrants to $8.136 per share. Pursuant to the anti-dilution adjustment mechanism of the 2020 Oaktree Warrants, the exercise price decreased to $7.2392 per share as a result of the September 2024 registered direct offering which closed on September 23, 2024. The exercise price and the number of shares of Common Stock issuable upon exercise of the 2020 Oaktree Warrants is subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock.

Rights as Stockholder

Except as otherwise provided in the 2020 Oaktree Warrants or by virtue of such holder's ownership of shares of our Common Stock, the holders of the 2020 Oaktree Warrants do not have the rights or privileges of holders of our Common Stock, including any voting rights, until they exercise their 2020 Oaktree Warrants.

Fractional Shares

No fractional shares of Common Stock will be issued upon the exercise of the 2020 Oaktree Warrants. Rather, the Company shall, round up the number of shares of Common Stock to be issued to the nearest whole number.

Transferability

Subject to applicable laws, the 2020 Oaktree Warrants may be offered for sale, sold, transferred or assigned without our consent.

Governing Law

The 2020 Oaktree Warrants are governed by New York law.

Consulting Warrants

As of December 31, 2025, there were 3,332 warrants to purchase our Common Stock (the "Consulting Warrants") that were issued on April 14, 2020, to a consultant pursuant to a Common Stock Warrant agreement. The Consulting Warrants allow for the Consultant to purchase up to 3,332 shares of our Common Stock subject to vesting.

The following is a summary of certain terms and provisions of the Consulting Warrants.

Exercisability

The Consulting Warrants became exercisable immediately upon issuance for a period of seven (7) years. The Consulting Warrants are exercisable, at the option of the holder, in whole, or in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares of our Common Stock purchased upon such exercise. Each Consulting Warrant is exercisable for one share of our Common Stock (subject to adjustment, as discussed below). The Consulting Warrants also have a cashless exercise feature. The holder's right to purchase shares of Common Stock are subject to the following vesting schedule:

(i) 1,666 of the shares exercisable will vest when the average of the Company's Common Stock trading prices, as reported on the Nasdaq Capital Market ("Nasdaq"), at any time during three (3) years following the issuance date, meets or exceeds $37.50 for ten (10) consecutive trading days;

(ii) 1,666 of the shares exercisable will vest when the average of the Company's Common Stock trading prices, as reported on Nasdaq, at any time during three (3) years following the issuance date, meets or exceeds $60.00 for ten (10) consecutive trading days;

(iii) 1,666 of the shares exercisable will vest when the average of the Company's Common Stock trading prices, as reported on Nasdaq, at any time during three (3) years following the issuance date, meets or exceeds $90.00 for ten (10) consecutive trading days; and

(iv) 1,666 of the shares exercisable will vest when the average of the Company's Common Stock trading prices, as reported on Nasdaq, at any time during three (3) years following the issuance date, meets or exceeds $150.00 for ten (10) consecutive trading days;

Exercise Price

The exercise price of the Common Stock purchasable upon exercise of the Consulting Warrants is $32.40 per share. The exercise price and the number of shares of Common Stock issuable upon exercise of the Consulting Warrants is subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock.

Rights as Stockholder

Except as otherwise provided in the Consulting Warrants or by virtue of such holder's ownership of shares of our Common Stock, the holder of the Consulting Warrants do not have the rights or privileges of holders of our Common Stock, including any voting rights, dividend rights, until he exercises the Consulting Warrants.

Fractional Shares

No fractional shares of Common Stock will be issued upon the exercise of the Consulting Warrants. Rather, the Company shall, round the number of shares of Common Stock to be issued to the nearest whole number.

Transferability

Subject to applicable laws, the Consulting Warrants may be offered for sale, sold, transferred or assigned without our consent.

Governing Law

The Consulting Warrants are governed by New York law.

November 2023 Warrants

As of December 31, 2025, there were 4,609,130 outstanding warrants to purchase our Common Stock that were originally issued on November 14, 2023 (the "November 2023 Warrants"). The November 2023 Warrants allow for the holders or their registered assigns to purchase up to 4,609,130 shares of our Common Stock. The following is a summary of certain terms and provisions of the November 2023 Warrants.

Exercisability

The November 2023 Warrants became exercisable immediately and may be exercised at any time up to the date that is five (5) years after their original issuance (the "Expiration Date"). The November 2023 Warrants are exercisable, at the option of each holder,

in whole, or in part, by delivering to us a duly executed exercise notice and, at any time a registration statement registering the offer and sale of Common Stock underlying the November 2023 Warrants under the Securities Act is effective and available for the issuance of such shares, or an exemption from registration under the Securities Act is available for the issuance of such shares, by payment in full in immediately available funds for the number of shares of Common Stock purchased upon such exercise. If a registration statement registering the offer and sale of the shares of Common Stock underlying the warrants under the Securities Act is not effective or available and an exemption from registration under the Securities Act is not available for the issuance of such shares, the holder may elect to exercise the November 2023 Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of shares of Common Stock determined according to the formula set forth in the November 2023 Warrants. No fractional shares of Common Stock will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

Exercise Limitation

A holder of the November 2023 Warrants does not have the right to exercise any portion of the November 2023 Warrants if the holder (together with its affiliates and certain related parties) would beneficially own in excess of 4.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the November 2023 Warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from holder to us.

Exercise Price

The exercise price per whole share of Common Stock purchasable upon exercise of the November 2023 Warrants is $1.70. If, prior to the Expiration Date, the Company sells, enters into an agreement to sell, or grants any option to purchase, or sells or grants any right to reprice, or otherwise disposes of any Common Stock or equivalents of Common Stock (or announces any offer, sale, grant or any option to purchase or other dispositions, provided such transaction occurs), at an effective price per share less than the exercise price then in effect (such lower price, the "Base Share Price" and such issuance collectively, a "Dilutive Issuance"), then simultaneously with the consummation of such first Dilutive Issuance, the exercise price shall be reduced and only reduced to equal the Base Share Price. There may only be one such adjustment, if any, to the exercise price while the November 2023 Warrants are outstanding. Notwithstanding the foregoing, no adjustments will be made in respect of an Exempt Issuance (as defined in the November 2023 Warrants). If the Company enters into a Variable Rate Transaction (as defined in the November 2023 Warrants), the Company will be deemed to have issued Common Stock or equivalents of Common Stock at the lowest possible price, conversion price or exercise price at which such securities may be issued, converted or exercised. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Transferability

Subject to applicable laws, the November 2023 Warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing

The November 2023 Warrants are not listed on any securities exchange or nationally recognized trading system.

Certificated Warrants

The November 2023 Warrants were issued in certificated form.

Fundamental Transactions

In the event of a fundamental transaction, as described in the November 2023 Warrants and generally including any reorganization, recapitalization or reclassification of our Common Stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, or any person or group, becoming the beneficial owner of 50% of the voting power represented by our outstanding capital stock, the holders of the November 2023 Warrants will be entitled to receive upon exercise of the November 2023 Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction. As an alternative, in the event of a fundamental transaction, the holder, at its option, exercisable at any time concurrently with, or within 30 days after, the consummation of the fundamental transaction (or, if later, the date of the public announcement of the applicable fundamental

transaction), may cause the Company to purchase the unexercised portion of the November 2023 Warrants from the holder by paying to the holder an amount in cash equal to the Black Scholes Value (as defined in the November 2023 Warrants) of the remaining unexercised portion of the November 2023 Warrants on the date of the consummation of such fundamental transaction.

Rights as Stockholder

Except as otherwise provided in the November 2023 Warrants or by virtue of such holder's ownership of shares of our Common Stock, the holder of the November 2023 Warrants does not have the rights or privileges of holders of our Common Stock, including any voting rights, until they exercise their November 2023 Warrants.

Governing Law

The November 2023 Warrants are governed by New York law.

January 2024 Warrants

As of December 31, 2025, there were 3,303,205 outstanding warrants to purchase our Common Stock that were originally issued on January 3, 2024 (the "January 2024 Warrants"). The January 2024 Warrants allow for the holders or their registered assigns to purchase up to 3,303,205 shares of our Common Stock. The following is a summary of certain terms and provisions of the January 2024 Warrants.

Exercisability

The January 2024 Warrants became exercisable immediately and may be exercised at any time up to the date that is five (5) years after their original issuance. The January 2024 Warrants are exercisable, at the option of each holder, in whole, or in part, by delivering to us a duly executed exercise notice and, at any time a registration statement registering the offer and sale of Common Stock underlying the January 2024 Warrants under the Securities Act is effective and available for the issuance of such shares, or an exemption from registration under the Securities Act is available for the issuance of such shares, by payment in full in immediately available funds for the number of shares of Common Stock purchased upon such exercise. If a registration statement registering the offer and sale of the shares of Common Stock underlying the warrants under the Securities Act is not effective or available and an exemption from registration under the Securities Act is not available for the issuance of such shares, the holder may elect to exercise the January 2024 Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of shares of Common Stock determined according to the formula set forth in the January 2024 Warrants. No fractional shares of Common Stock will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

Exercise Limitation

A holder of the January 2024 Warrants does not have the right to exercise any portion of the January 2024 Warrants if the holder (together with its affiliates and certain related parties) would beneficially own in excess of 4.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the January 2024 Warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from holder to us.

Exercise Price

The exercise price per whole share of Common Stock purchasable upon exercise of the January 2024 Warrants is $3.21. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Transferability

Subject to applicable laws, the January 2024 Warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing

The January 2024 Warrants are not listed on any securities exchange or nationally recognized trading system.

Certificated Warrants

The January 2024 Warrants were issued in certificated form.

Fundamental Transactions

In the event of a fundamental transaction, as described in the January 2024 Warrants and generally including any reorganization, recapitalization or reclassification of our Common Stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, or any person or group, becoming the beneficial owner of 50% of the voting power represented by our outstanding capital stock, the holders of the January 2024 Warrants will be entitled to receive upon exercise of the January 2024 Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction. As an alternative, in the event of a fundamental transaction, the holder, at its option, exercisable at any time concurrently with, or within 30 days after, the consummation of the fundamental transaction (or, if later, the date of the public announcement of the applicable fundamental transaction), may cause the Company to purchase the unexercised portion of the January 2024 Warrants from the holder by paying to the holder an amount in cash equal to the Black Scholes Value (as defined in the January 2024 Warrants) of the remaining unexercised portion of the January 2024 Warrants on the date of the consummation of such fundamental transaction.

Rights as Stockholder

Except as otherwise provided in the January 2024 Warrants or by virtue of such holder's ownership of shares of our Common Stock, the holder of the January 2024 Warrants does not have the rights or privileges of holders of our Common Stock, including any voting rights, until they exercise their January 2024 Warrants.

Governing Law

The January 2024 Warrants are governed by New York law.

2024 Oaktree Warrants

As of December 31, 2025, there were 253,195 warrants to purchase our Common Stock (the "2024 Oaktree Warrants") that were issued on July 25, 2024, pursuant to a senior secured credit agreement with Oaktree, as the administrative agent, and the lenders from time-to-time party thereto (the "2024 Credit Agreement"). The 2024 Credit Agreement replaced the 2020 Credit Agreement. The 2024 Oaktree Warrants allow for Oaktree and certain of its affiliates to purchase up to 253,195 shares of our Common Stock.

The following is a summary of certain terms and provisions of the 2024 Oaktree Warrants.

Exercisability

The 2024 Oaktree Warrants became exercisable immediately upon issuance for a period of seven (7) years and may be net exercised for no cash payment at the holder's election. The 2024 Oaktree Warrants are exercisable, at the option of each holder, in whole, or in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares of our Common Stock purchased upon such exercise. A holder of the 2024 Oaktree Warrants will not have the right to exercise any portion of the 2024 Oaktree Warrants if the holder (together with its affiliates and certain related parties) would beneficially own in excess of 9.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the 2024 Oaktree Warrants.

Exercise Price

The exercise price per whole share of Common Stock purchasable upon exercise of the 2024 Oaktree Warrants is equal to $1.65 (the "Base Share Price"). The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the 2024 Oaktree Warrants will also be adjusted if, while the 2024 Oaktree Warrants are outstanding, the Company engages in any transaction involving the issuance or

sale of shares of common stock or equivalent securities at an effective price per share less than the Base Share Price. In such case, the exercise price of the 2024 Oaktree Warrants will be reduced to equal the Base Share Price.

Transferability

Subject to applicable laws, the 2024 Oaktree Warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing

The 2024 Oaktree Warrants are not listed on any securities exchange or nationally recognized trading system.

Fundamental Transactions

In the event of a fundamental transaction, as described in the 2024 Oaktree Warrants and generally including any reorganization, recapitalization or reclassification of our Common Stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding Common Stock, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding Common Stock, the holders of the 2024 Oaktree Warrants will be entitled to receive upon exercise of the 2024 Oaktree Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the 2024 Oaktree Warrants immediately prior to such fundamental transaction.

Rights as a Stockholder

Except as otherwise provided in the 2024 Oaktree Warrants or by virtue of such holder's ownership of shares of our Common Stock, the holder of a 2024 Oaktree Warrant does not have the rights or privileges of a holder of our Common Stock, including any voting rights, until the holder exercises the 2024 Oaktree Warrant.

Governing Law

The 2024 Oaktree Warrants are governed by New York law.

PIPE Warrants

As of December 31, 2025, there were 4,527,553 warrants to purchase our Common Stock (the "PIPE Warrants") that were issued on September 23, 2024, pursuant to certain purchase agreements, by and among the Company and the purchasers thereto. The PIPE Warrants allow for the holders or their registered assigns to purchase up to 4,527,553 shares of our Common Stock.

The following is a summary of certain terms and provisions of the PIPE Warrants.

Exercisability

The PIPE Warrants will become exercisable on March 23, 2025 and will expire five and one-half years from the date of their issuance and may be net exercised for no cash payment at the holder's election. A holder will not have the right to exercise any portion of the PIPE Warrants if the holder (together with its affiliates and certain related parties) would beneficially own in excess of 4.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the PIPE Warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from the holder to us.

Exercise Price

The exercise price per whole share of Common Stock purchasable upon exercise of the PIPE Warrants is equal to $1.84. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Transferability

Subject to applicable laws, the PIPE Warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing

The PIPE Warrants are not listed on any securities exchange or nationally recognized trading system.

Fundamental Transactions

In the event of a fundamental transaction, as described in the PIPE Warrants and generally including any reorganization, recapitalization or reclassification of our Common Stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding Common Stock, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding Common Stock, the holders of the PIPE Warrants will be entitled to receive upon exercise of the PIPE Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the PIPE Warrants immediately prior to such fundamental transaction. As an alternative, in the event of a fundamental transaction, the holder, at its option, exercisable at any time concurrently with, or within 30 days after, the consummation of the fundamental transaction (or, if later, the date of the public announcement of the applicable fundamental transaction), may cause the Company to purchase the unexercised portion of the PIPE Warrants from the holder by paying to the holder an amount in cash equal to the Black Scholes Value (as defined in the PIPE Warrants) of the remaining unexercised portion of the PIPE Warrants on the date of the consummation of such fundamental transaction.

Rights as a Stockholder

Except as otherwise provided in the PIPE Warrants or by virtue of such holder's ownership of shares of our Common Stock, the holder of a PIPE Warrant does not have the rights or privileges of a holder of our Common Stock, including any voting rights, until the holder exercises the PIPE Warrant.

Governing Law

The PIPE Warrants are governed by New York law.

2025 Oaktree Warrants

As of December 31, 2025, there were 600,000 warrants to purchase our Common Stock (the "2025 Oaktree Warrants") that were issued on December 12, 2025, pursuant to that certain First Amendment to the 2024 Credit Agreement. The 2025 Oaktree Warrants allow for Oaktree and certain of its affiliates to purchase up to 600,000 shares of our Common Stock.

The following is a summary of certain terms and provisions of the 2025 Oaktree Warrants.

Exercisability

The 2025 Oaktree Warrants became exercisable immediately upon issuance, expire on July 25, 2031 and may be net exercised for no cash payment at the holder's election. The 2025 Oaktree Warrants are exercisable, at the option of the holder, in whole, or in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares of our Common Stock purchased upon such exercise. A holder of the 2025 Oaktree Warrants will not have the right to exercise any portion of the 2025 Oaktree Warrants if the holder (together with its affiliates and certain related parties) would beneficially own in excess of 9.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the 2025 Oaktree Warrants.

Exercise Price

The exercise price per whole share of Common Stock purchasable upon exercise of the 2025 Oaktree Warrants is equal to $2.62 (the "Base Share Price"). The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the 2025 Oaktree Warrants will also be adjusted if, while the 2025 Oaktree Warrants are outstanding, the Company engages in any transaction involving the issuance or sale of shares of common stock or equivalent securities at an effective price per share less than the Base Share Price. In such case, the exercise price of the 2025 Oaktree Warrants will be reduced to equal the Base Share Price.

Transferability

Subject to applicable laws, the 2025 Oaktree Warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing

The 2025 Oaktree Warrants are not listed on any securities exchange or nationally recognized trading system.

Fundamental Transactions

In the event of a fundamental transaction, as described in the 2025 Oaktree Warrants and generally including any reorganization, recapitalization or reclassification of our Common Stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding Common Stock, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding Common Stock, the holders of the 2025 Oaktree Warrants will be entitled to receive upon exercise of the 2025 Oaktree Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the 2025 Oaktree Warrants immediately prior to such fundamental transaction.

Rights as a Stockholder

Except as otherwise provided in the 2025 Oaktree Warrants or by virtue of such holder's ownership of shares of our Common Stock, the holder of a 2025 Oaktree Warrant does not have the rights or privileges of a holder of our Common Stock, including any voting rights, until the holder exercises the 2025 Oaktree Warrant.

Governing Law

The 2025 Oaktree Warrants are governed by New York law.

EXHIBIT 21.1

SUBSIDIARIES OF FORTRESS BIOTECH, INC.

Subsidiaries of Fortress Biotech, Inc. at December 31, 2025, with jurisdiction of incorporation or formation:

- Aevitas Therapeutics, Inc. (Delaware)
- Avenue Therapeutics, Inc. (Delaware)
- Cellvation, Inc. (Delaware)
- Cyprium Therapeutics, Inc. (Delaware)
- Helocyte, Inc. (Delaware)
- Journey Medical Corporation (Delaware)
- Mustang Bio, Inc. (Delaware)
- Oncogenuity, Inc. (Delaware)
- Urica Therapeutics, Inc. (Delaware)

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-184616, 333-194588, 333-206645, 333-221485, 333-233195, 333-249985, 333-267977, 333-274781, 333-274782, 333-279878 and 333-279881) on Form S-8 and (Nos. 333-282384, 333-280342, 333-269687, 333-249983, 333-258145 and 333-292154) on Form S-1 of our report dated March 31, 2026, with respect to the consolidated financial statements of Fortress Biotech, Inc. and subsidiaries.

/s/ KPMG LLP

New York, New York
March 31, 2026

EXHIBIT 31.1

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

I, Lindsay A. Rosenwald, M.D. certify that:

(1) I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2025 of Fortress Biotech, Inc. (the "Registrant");

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

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

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

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

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

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

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

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

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

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

Dated: March 31, 2026

By: /s/ Lindsay A. Rosenwald, M.D.
Lindsay A. Rosenwald, M.D.
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

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

I, David Jin, certify that:

(1) I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2025 of Fortress Biotech, Inc. (the "Registrant");

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

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

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

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

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

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

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

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

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

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

Dated: March 31, 2026

By: /s/ David Jin
David Jin
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Annual Report on Form 10-K of Fortress Biotech, Inc. (the "Company") for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lindsay A. Rosenwald, M.D., Chairman, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: March 31, 2026

By: /s/ Lindsay A. Rosenwald, M.D.
Lindsay A. Rosenwald, M.D.
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the Annual Report on Form 10-K of Fortress Biotech, Inc. (the "Company") for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Jin, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: March 31, 2026

By: /s/ David Jin
David Jin
Chief Financial Officer
(Principal Financial Officer)