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

FORM 10-Q

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

For the quarterly period ended September 30, 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 Number: 001-35814

Harrow, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**45-0567010**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1A Burton Hills Blvd., Suite 200 Nashville, Tennessee	**37215**
(Address of principal executive offices)	(Zip code)

(615) 733-4730
(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

As of November 10, 2025, there were 37,037,453 shares of the registrant's common stock, $0.001 par value, outstanding.

HARROW, INC.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

HARROW, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2025 (Unaudited)	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 74,290,000	$ 47,247,000
Accounts receivable, net	77,600,000	116,373,000
Inventories	12,834,000	10,702,000
Prepaid expenses and other current assets	12,880,000	15,329,000
Total current assets	177,604,000	189,651,000
Property, plant and equipment, net	3,380,000	3,734,000
Capitalized software costs, net	1,330,000	1,751,000
Operating lease right-of-use assets, net	7,971,000	8,554,000
Intangible assets, net	172,457,000	184,949,000
Goodwill	332,000	332,000
TOTAL ASSETS	$ 363,074,000	$ 388,971,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 20,162,000	$ 41,406,000
Accrued rebates and copay assistance	34,516,000	39,900,000
Accrued payroll and related liabilities	9,518,000	9,496,000
Deferred revenue and customer deposits	345,000	44,000
Current portion of operating lease obligations	859,000	497,000
Total current liabilities	65,400,000	91,343,000
Operating lease obligations, net of current portion	8,139,000	8,792,000
Notes payable, net of unamortized debt discount	242,874,000	219,539,000
TOTAL LIABILITIES	316,413,000	319,674,000
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, $0.001 par value, 50,000,000 shares authorized, 37,034,582 and 35,622,214 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively	37,000	35,000
Additional paid-in capital	210,129,000	221,002,000
Accumulated deficit	(163,150,000)	(151,385,000)
TOTAL HARROW, INC. STOCKHOLDERS' EQUITY	47,016,000	69,652,000
Noncontrolling interests	(355,000)	(355,000)
TOTAL STOCKHOLDERS' EQUITY	46,661,000	69,297,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 363,074,000	$ 388,971,000

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

HARROW, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended	For the Nine Months Ended

	September 30,		September 30,	
	2025	2024	2025	2024
Revenues:				
Product sales, net	$ 71,497,000	$ 49,019,000	$ 182,899,000	$ 132,398,000
Other revenues	141,000	238,000	312,000	385,000
Total revenues	71,638,000	49,257,000	183,211,000	132,783,000
Cost of sales	(17,712,000)	(12,018000)	(49,466,000)	(35,110,000)
Gross profit	53,926,000	37,239,000	133,745,000	97,673,000
Operating expenses:				
Selling, general and administrative	35,856,000	33,645,000	109,604,000	94,275,000
Research and development	3,323,000	2,273,000	9,217,000	7,475,000
Total operating expenses	39,179,000	35,918,000	118,821,000	101,750,000
Income (loss) from operations	14,747,000	1,321,000	14,924,000	(4,077,000)
Other (expense) income:				
Interest expense, net	(6,038,000)	(5,525,000)	(18,994,000)	(16,411,000)
Investment loss from Eton Pharmaceuticals	-	-	-	(3,171,000)
Loss on extinguishment of debt	(7,750,000)		(7,750,000)	
Other income, net	61,000	4,000	55,000	76,000
Total other expense, net	(13,727,000)	(5,521,000)	(26,689,000)	(19,506,000)
Income (loss) before income taxes	1,020,000	(4,200,000)	(11,765,000)	(23,583,000)
Income tax expense	-	(20,000)	-	(675,000)
Net income (loss)	$ 1,020,000	$ (4,220,000)	$ (11,765,000)	$ (24,258,000)
Basic net income (loss) per share of common stock	$ 0.03	$ (0.12)	$ (0.32)	$ (0.68)
Diluted net income (loss) per share of common stock	$ 0.03	$ (0.12)	$ (0.32)	$ (0.68)
Weighted average number of shares of common stock outstanding, basic	37,145,440	35,702,200	36,588,163	35,597,409
Weighted average number of shares of common stock outstanding, diluted	38,875,005	35,702,200	36,588,163	35,597,409

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

HARROW, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the periods ended September 30, 2025 and 2024

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Harrow, Inc. Stockholders' Equity	Total Noncontrolling Interest Equity	Total Stockholders' Equity
	Shares	Par Value					
Balance at December 31, 2023	35,168,260	$ 35,000	$ 204,635,000	$ (133,904,000)	$ 70,766,000	$ (355,000)	$ 70,411,000
Issuance of common stock in connection with:							
Exercise of employee stock-based options	248,175	-	1,005,000	-	1,005,000	-	1,005,000
Vesting of RSUs and PSUs	332,517	-	-	-	-	-	-
Shares withheld related to net share settlement of equity awards	(137,587)	-	(2,362,000)	-	(2,362,000)	-	(2,362,000)
Stock-based compensation expense	-	-	12,825,000	-	12,825,000	-	12,825,000
Net loss	-	-	-	(24,258,000)	(24,258,000)	-	(24,258,000)
Balance at September 30, 2024	35,611,365	$ 35,000	$ 216,103,000	$ (158,162,000)	$ 57,976,000	$ (355,000)	$ 57,621,000
Balance at December 31, 2024	35,622,214	$ 35,000	$ 221,002,000	$ (151,385,000)	$ 69,652,000	$ (355,000)	$ 69,297,000
Issuance of common stock in connection with:							
Exercise of employee stock-based options	628,146	1,000	286,000	-	287,000	-	287,000
Vesting of PSUs and RSUs	1,654,009	2,000	(2,000)	-	-	-	-
Shares withheld related to net share settlement of equity awards	(869,787)	(1,000)	(19,859,000)	-	(19,860,000)	-	(19,860,000)
Stock-based compensation expense	-	-	8,702,000	-	8,702,000	-	8,702,000
Net loss	-	-	-	(11,765,000)	(11,765,000)	-	(11,765,000)
Balance at September 30, 2025	37,034,582	$ 37,000	$ 210,129,000	$ (163,150,000)	$ 47,016,000	$ (355,000)	$ 46,661,000

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Harrow, Inc. Stockholders' Equity	Total Noncontrolling Interest Equity	Total Stockholders' Equity
	Shares	Par Value					
Balance at June 30, 2024	35,479,492	$ 35,000	$ 212,439,000	$ (153,942,000)	$ 58,532,000	$ (355,000)	$ 58,177,000
Issuance of common stock in connection with:							
Exercise of employee stock-based options	160,980	-	484,000	-	484,000	-	484,000
Shares withheld related to net share settlement of equity awards	(29,107)	-	(1,205,000)	-	(1,205,000)	-	(1,205,000)

Stock-based compensation expense	-	-	4,385,000	-	4,385,000	-	4,385,000
Net loss	-	-	-	(4,220,000)	(4,220,000)	-	(4,220,000)
Balance at September 30, 2024	35,611,365	$ 35,000	$ 216,103,000	$ (158,162,000)	$ 57,976,000	$ (355,000)	$ 57,621,000
Balance at June 30, 2025	36,714,679	$ 36,000	$ 213,788,000	$ (164,170,000)	$ 49,654,000	$ (355,000)	$ 49,299,000
Issuance of common stock in connection with:							
Exercise of employee stock-based options	617,528	1,000	161,000	-	162,000	-	162,000
Vesting of PSUs and RSUs	20,000	-	-	-	-	-	-
Shares withheld related to net share settlement of equity awards	(317,625)	-	(7,091,000)	-	(7,091,000)	-	(7,091,000)
Stock-based compensation expense	-	-	3,271,000	-	3,271,000	-	3,271,000
Net income	-	-	-	1,020,000	1,020,000	-	1,020,000
Balance at September 30, 2025	37,034,582	$ 37,000	$ 210,129,000	$ (163,150,000)	$ 47,016,000	$ (355,000)	$ 46,661,000

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

HARROW, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (11,765,000)	$ (24,258,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization of property, plant and equipment and software development costs	1,451,000	1,382,000
Amortization of intangible assets	12,676,000	7,708,000
Non-cash lease expense	583,000	636,000
Provision for (recovery of) credit losses	548,000	(20,000)
Amortization of debt issuance costs and debt discount	3,692,000	2,985,000
Investment loss from investment in Eton Pharmaceuticals	-	3,171,000
Loss on extinguishment of debt	7,750,000	-
Stock-based compensation	8,702,000	12,825,000
Deferred income tax	-	643,000
Changes in assets and liabilities:		
Accounts receivable	38,225,000	(17,453,000)
Inventories	(2,132,000)	711,000
Prepaid expenses and other current assets	2,449,000	(983,000)
Accounts payable, accrued expenses, accrued rebates and copay assistance	(27,049,000)	6,433,000
Accrued payroll and related liabilities	22,000	1,735,000
Deferred revenue and customer deposits	301,000	62,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	35,453,000	(4,423,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds on sale of investment in Eton Pharmaceuticals	-	5,510,000
Investment in patent and trademark assets	(22,000)	(74,000)
Purchase of product rights and related patents	(162,000)	
Purchases of property, plant and equipment	(546,000)	(1,040,000)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(730,000)	4,396,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new debt, net of costs	244,375,000	-
Payment of debt issuance costs	(1,581,000)	(100,000)
Repayment of notes payable, including exit costs	(230,901,000)	-
Payment of payroll taxes upon vesting of PSUs, RSUs and exercise of stock options	(19,860,000)	(2,362,000)
Proceeds from exercise of stock options	287,000	1,005,000
NET CASH USED IN FINANCING ACTIVITIES	(7,680,000)	(1,457,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	27,043,000	(1,484,000)
CASH AND CASH EQUIVALENTS, beginning of period	47,247,000	74,085,000
CASH, CASH EQUIVALENTS, end of period	$ 74,290,000	$ 72,601,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 38,000	$ -
Cash paid for interest	$ 18,718,000	$ 15,553,000
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Purchase of property, plant and equipment included in accounts payable and accrued expenses	$ 74,000	$ 177,000
Right-of-use assets obtained in exchange for new operating lease obligations	$ -	$ 3,230,000
Purchase of product rights associated with contingent consideration payable	$ -	$ 37,000,000

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

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Company and Background

Harrow, Inc. (together with its consolidated subsidiaries, unless the context indicates or otherwise requires, the "Company" or "Harrow") is a leading provider of ophthalmic disease management solutions in North America, offering a comprehensive portfolio of products that address conditions affecting both the front and back of the eye, such as dry eye disease, wet (or neovascular) age-related macular degeneration, cataracts, refractive errors, glaucoma and a range of other ocular surface conditions and retina diseases. Harrow was founded with a commitment to deliver safe, effective, accessible, and affordable medications that enhance patient compliance and improve clinical outcomes.

Basis of Presentation

The Company has prepared the accompanying unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for audited financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025 or for any other period. For further information, refer to the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned and majority-owned subsidiaries.

Harrow consolidates entities in which it has a controlling financial interest. The Company assesses control under the variable interest entity ("VIE") model to determine whether the Company is the primary beneficiary of that entity. The Company consolidates (i) entities in which it holds and/or controls, directly or indirectly, more than 50% of the voting rights, and (ii) VIEs for which the Company is deemed to be the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following represents an update for the nine months ended September 30, 2025 to the significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Risks, Uncertainties and Liquidity

The Company is subject to certain regulatory standards, approvals, guidelines and inspections which could impact the Company's ability to make, dispense, and sell certain products. If the Company was required to cease compounding and selling certain products as a result of regulatory guidelines or inspections, this may have a material impact on the Company's financial condition, liquidity and results of operations.

Credit Losses

The Company estimates and records a provision for its expected credit losses related to its financial instruments, including its trade receivables. Management considers historical collection rates, the current financial status of the Company's customers, macroeconomic factors, and other industry-specific factors when evaluating for current expected credit losses. Forward-looking information is also considered in the evaluation of current expected credit losses. However, because of the short time to the expected receipt of accounts receivable, management believes that the carrying value, net of expected losses, approximates fair value and therefore, relies more on historical and current analysis of such financial instruments, including its trade receivables.

To determine the provision for credit losses for accounts receivable, the Company has disaggregated its accounts receivable by class of customer at the business component level, as management determined that the risk profile of the Company's customers is consistent based on the type and industry in which they operate, mainly in the pharmaceuticals industry. Each business component is analyzed for estimated credit losses individually. In doing so, the Company establishes a historical loss matrix, based on the previous collections of accounts receivable by the age of such receivables, and evaluates the current and forecasted financial position of its customers, as available. Further, the Company considers macroeconomic factors and the status of the pharmaceuticals industry to estimate if there are current expected credit losses within its trade receivables based on the trends of the Company's expectation of the future status of such economic and industry-specific factors. Also, specific allowance amounts are established based on review of outstanding invoices to record the appropriate provision for customers that have a higher probability of default.

The following table provides a roll-forward of the allowance for credit losses that is deducted from the amortized cost basis of accounts receivable to present the net amount expected to be collected at September 30, 2025:

Balance at January 1, 2025	$	416,000
Change in expected credit losses		548,000
Write-offs, net of recoveries		(110,000)
Balance at September 30, 2025	$	854,000

Fair Value Measurements

Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The established fair value hierarchy prioritizes the use of inputs used in valuation methodologies into the following three levels:

- Level 1: Applies to assets or liabilities for which there are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and must be used to measure fair value whenever available.

- Level 2: Applies to assets or liabilities for which there are significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Applies to assets or liabilities for which there are significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. For example, Level 3 inputs would relate to forecasts of future earnings and cash flows used in a discounted future cash flows method.

The 2030 Notes (as defined in Note 10) are carried at face value less unamortized debt issuance costs. The Company fully repaid principal balances under the Oaktree Loan and the 2026 and 2027 Notes in September. The Company's 2026 Notes (as defined in Note 10) were carried at face value, including the unamortized premium, less unamortized debt issuance costs, the 2027 Notes (as defined in Note 10) were carried at face value less unamortized debt issuance costs, and the Oaktree Loan (as defined in Note 10) was carried at face value less the original issue discount and unamortized debt issuance costs on the condensed consolidated balance sheets and the Company presents fair value for disclosure purposes only. The 2026 Notes and the 2027 Notes were classified as Level 1 instruments as the fair value is determined using quoted market prices in active markets for the same securities. The 2030 Notes are classified, and the Oaktree Loan was classified as Level 2 instruments and the fair value is determined through an income approach that considers collateral coverage, yield calibration, yield analysis and any adjustments to implied yield associated with the Company's fundamental measures.

The following table presents the estimated fair values and the carrying values:

	September 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
2026 Notes	$ -	$ -	$ 74,002,000	$ 75,840,000
2027 Notes	$ -	$ -	$ 38,130,000	$ 42,198,000
Oaktree Loan	$ -	$ -	$ 107,407,000	$ 112,932,000
2030 Notes	$ 242,874,000	$ 260,625,000	$ -	$ -

The Company's other financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, accrued payroll and related liabilities, deferred revenue and customer deposits and operating lease liabilities. The carrying amount of these financial instruments, except for operating lease liabilities, approximates fair value due to the short-term maturities of these instruments. Based on borrowing rates currently available to the Company, the carrying value of the operating lease liabilities approximate their respective fair values.

Basic and Diluted Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders for the period by the weighted average number of common and common equivalent shares, such as stock options, restricted stock units ("RSUs"), performance stock units ("PSUs"), and warrants, outstanding during the period. Common equivalent shares (using the treasury stock method) from stock options, unvested RSUs, unvested PSUs and warrants were 1,911,979 and 4,411,488 at September 30, 2025 and 2024, respectively, and are excluded in the calculation of diluted net loss per common share for the periods presented, because the effect is anti-dilutive. Included in the basic and diluted net income (loss) per share calculation were RSUs awarded to directors that had vested, but the issuance and delivery of the shares are deferred until the director ceases providing services to the Company. The number of shares underlying vested RSUs at September 30, 2025 and 2024 was 216,483 and 195,696, respectively.

The following table shows the computation of basic net income (loss) per share of common stock:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator – net income (loss)	$ 1,020,000	$ (4,220,000)	$ (11,765,000)	$ (24,258,000)
Denominator – weighted average number of shares outstanding, basic	37,145,440	35,702,200	36,588,163	35,597,409
Net income (loss) per share, basic	$ 0.03	$ (0.12)	$ (0.32)	$ (0.68)

For the three months ended September 30, 2025, the Company computed diluted net income per share using the weighted-average number of common shares and dilutive common equivalent shares outstanding during that period. Diluted common equivalent shares for the three months ended September 30, 2025 consisted of the following:

	Three Months Ended September 30, 2025
Diluted shares related to:	
Restricted stock units	121,280
Stock options	1,608,285
Dilutive common equivalent shares	1,729,565

The following table shows the computation of diluted net income per share using the weighted-average number of common shares and dilutive common equivalent shares outstanding for the three months ended September 30, 2025:

	Three Months Ended September 30, 2025
Numerator - net income	$ 1,020,000
Weighted average number of shares outstanding, basic	37,145,440
Dilutive common equivalents	1,729,565
Weighted average number of shares outstanding, diluted	38,875,005
Net income per share, diluted	$ 0.03

Income Taxes

The Company's effective tax rate was (3.66)% and (2.95)% for the nine months ended September 30, 2025 and 2024, respectively. The Company's effective tax rate for the nine months ended September 30, 2025 and 2024 differs from the U.S. federal statutory tax rate of 21% due to state taxes, permanent book-tax differences related to Internal Revenue Code of 1986, as amended ("IRC"), Section 162(m) excess officer compensation limitation and share-based compensation and the change in valuation allowance.

As of September 30, 2025 and December 31, 2024, there were $2,860,000 and $2,858,000, respectively, of unrecognized tax benefits included in the condensed consolidated balance sheets that would, if recognized, affect the effective tax rate.

On July 4, 2025, the United States enacted the One Big Beautiful Bill Act ("OBBBA"), which, among other provisions, permanently restores 100% bonus depreciation and modifies the limitation on business-interest expense under §163(j) to be based on taxable income before interest, amortization, and depreciation. Based on preliminary analysis, management expects OBBBA to reduce U.S. cash income-tax payments. There is not expected to be any impact on the effective tax rate. The Company is continuing to evaluate OBBA's impacts, including potential effects on deferred-tax balances, and will refine these estimates as additional guidance becomes available.

Accounting Guidance Issued but Not Adopted at September 30, 2025

In October 2023, FASB issued ASU 2023-06, *Disclosure Improvements—Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. This ASU modifies the disclosure or presentation requirements of a variety of topics in the codification by aligning them with the SEC's regulations. The amendments to the various topics should be applied prospectively, and the effective date for the Company for each amendment will be determined based on the effective date of the SEC's removal of the related disclosure from Regulation S-X or Regulation S-K. If the SEC has not removed the applicable requirement by June 30, 2027, then the related amendment in ASU 2023-06 will be removed from the codification and will not become effective. Early adoption of this ASU is prohibited. The Company does not expect the amendments in this ASU to have a material impact on the disclosures or presentation in its consolidated financial statements.

In December 2023, FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures* , which enhances the disclosures required for income taxes in the Company's annual consolidated financial statements. Notably, this ASU requires entities to disclose specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 is effective for the Company in its annual reporting for fiscal year 2025 on a prospective basis. Early adoption and retrospective reporting are permitted. The Company is currently evaluating the impact of ASU 2023-09 on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures*, to improve the disclosures by a public business entity about the types of expenses in commonly presented expense captions. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of ASU 2024-03 on its consolidated financial statements.

NOTE 3. REVENUES

The Company accounts for contracts with customers in accordance with ASC 606, *Revenues from Contracts with Customers*. The Company has two primary streams of revenue: (1) product revenues, including revenue recognized from sales of products through its pharmacy and outsourcing facility and sales of branded products to wholesalers through a third-party logistics ("3PL") partner, and (2) revenue recognized from intellectual property licenses and related arrangements.

Product Revenues

The Company sells prescription medications directly through its pharmacy, outsourcing facility and 3PL partner. Revenue from the Company's pharmacy services includes: (i) the portion of the price the client pays directly to the Company, net of any volume-related or other discounts paid back to the client, (ii) the price paid to the Company by individuals, and (iii) customer copayments made directly to the pharmacy network. Sales taxes are not included in revenue. Following the core principles of ASC 606, the Company has identified the following:

1. *Identify the contract(s) with a customer:* A contract is deemed to exist when the customer places an order through receipt of a prescription, via an online order or via receipt of a purchase order from a customer. For branded products, orders are received through the Company's 3PL partner, and the customer takes title of the products via formal purchase orders placed and fulfilled.

2. *Identify the performance obligations in the contract:* Obligations for fulfillment of the Company's contracts consist of delivering the product to customers at their specified destination. For shipping and handling activities under ASC 606, if the customer takes control of the goods after shipment, shipping and handling activities would always be considered a fulfillment activity and not treated as a separate performance obligation. If the customer takes control of the goods before shipment, entities must make an accounting policy election to treat shipping and handling activities as either a fulfillment cost or as a separate performance obligation. The Company has elected to treat its shipping and handling activities as a fulfillment cost.

3. *Determine the transaction price:* The transaction price is based on an amount that reflects the consideration to which the Company expects to be entitled, net of accruals for estimated rebates, wholesaler chargebacks, discounts, copay assistance and other deductions (collectively, sales deductions) and an estimate for returns and replacements established at the time of sale. The Company utilizes the services of a third-party professional services firm to estimate rebates and chargebacks associated with sales of its branded products. The transfer of promised goods is satisfied within a year, and therefore there are no significant financing components. There is no non-cash consideration related to product sales.

4. *Allocate the transaction price to the performance obligations in the contract:* Because there is only one performance obligation for product sales, no allocation is necessary.

5. *Recognize revenue when (or as) the entity satisfies a performance obligation:* Revenue from products is recognized upon transfer of control of a product to a customer. This generally occurs upon shipment unless contractual terms with a customer state that transfer of control occurs at delivery.

Variable Consideration

Sales of branded pharmaceutical products are subject to variable consideration due to chargebacks, government rebates, returns, administrative fees, co-pay assistance and other rebates, and prompt pay discounts. Estimates for these elements of variable consideration require significant judgment.

Chargebacks

Chargebacks, primarily from distributors and wholesalers, result from arrangements with indirect customers establishing prices for products which the indirect customer purchases through a wholesaler. Alternatively, the Company may pre-authorize wholesalers to offer specified contract pricing to other indirect customers. Under either arrangement, the Company provides a chargeback credit to the wholesaler for any difference between the contracted price with the indirect customer and the wholesaler's invoice price, typically Wholesale Acquisition Cost ("WAC").

Prior period chargebacks claimed by wholesalers are analyzed to determine the actual net price per package ("NPP") for each product. This calculation is performed by product, by wholesaler. NPPs can be affected by several factors such as:

- Changes in customer mix
- Changes in negotiated terms with customers
- Changes in the volume of off-contract purchases
- Changes in WAC

As necessary, NPPs are adjusted based on anticipated changes in the factors above.

The difference between NPP and WAC is recorded as a reduction in both gross revenues in the consolidated statements of operations and accounts receivable in the consolidated balance sheets, at the time revenue is recognized from the product sale. The Company continually monitors chargeback activity and adjusts NPPs when the Company believes that actual selling prices will differ from current NPPs.

Government Rebates

Government rebates reserve consists of estimated payments due to governmental agencies for utilization of the Company's products by beneficiaries under such governmental programs. The two largest government programs are Medicaid and Medicare.

The Company participates in the Medicaid Drug Rebate Program and pays rebates to the states related to Medicaid beneficiary utilization of the Company's products. Medicaid rebates are billed within 60-90 days of the end of the quarter in which the product was dispensed to a Medicaid beneficiary. Medicaid rebate amounts per product unit are established by law, based on the Average Manufacturer Price ("AMP"), which is reported on a monthly and quarterly basis, and, in the case of branded products, best price, which is reported on a quarterly basis. Medicaid reserves are based on expected claims from state Medicaid programs. Estimates for expected claims are driven by patient usage, sales mix, calculated AMP or best price, as well as inventory in the distribution channel that will be subject to a Medicaid rebate. As a result of the delay between selling the products, dispensing the products and rebate billing, the Medicaid rebate reserve includes both an estimate of outstanding claims for end-customer sales that have occurred but for which the related claim has not been billed, as well as an estimate for future claims that will be made when inventory in the distribution channel is sold through to plan participants. Many of the Company's branded products are also covered under Medicare. The Company participates in the Coverage Gap Discount Program in order for its branded products to be covered by Medicare Part D and must provide a rebate for any products sold under NDAs dispensed to Medicare Part D beneficiaries while the beneficiaries are in the Coverage Gap phase of the benefit. This applies to all products sold under NDAs. Estimates for these discounts are based on historical experience with Medicare rebates for products. Medicare rebates are billed quarterly for drugs dispensed to Medicare beneficiaries in the prior quarter, which is typically 120 days after the product is shipped. As a result of the delay between selling the products, dispensing the products and rebate billing, Medicare rebate reserve includes both an estimate of outstanding claims for end-customer sales that have occurred but for which the related claim has not been billed, as well as an estimate for future claims that will be made when inventory in the distribution channel is sold through to Medicare Part D participants.

To evaluate the adequacy of the government rebate reserves, reserves are reviewed on a quarterly basis against actual claims data to ensure the liability is fairly stated. The Company continually monitors the government rebate reserve and adjusts estimates if it is expected that actual government rebates may differ from established accruals. Accruals for government rebates are recorded as a reduction to gross revenues in the consolidated statements of operations and as an increase to accrued rebates in the consolidated balance sheets.

Returns

A returns policy is in place that allows customers to return product within a specified period prior to and subsequent to the expiration date. Generally, product may be returned for a period beginning six months prior to its expiration date to up to one year after its expiration date. Product returns are settled through the issuance of a credit to the customer. The estimate for returns is based upon historical experience with actual returns. While such experience has allowed for reasonable estimation in the past, history may not always be an accurate indicator of future returns. The Company continually monitors estimates for returns and adjusts when it is expected that actual product returns may differ from the established accruals. Accruals for returns are recorded as a reduction to gross revenues in the consolidated statements of operations and as an increase to the accrued expenses in the consolidated balance sheets.

Administrative Fees and Other Rebates

Administrative fees or rebates are offered to wholesalers, group purchasing organizations, and indirect customers. Fees and rebates are accrued, by product by wholesaler, at the time of sale based on contracted rates and NPP. To evaluate the adequacy of the administrative fee accruals, on-hand inventory counts are obtained from the wholesalers. The Company continually monitors administrative fee activity and adjusts accruals when it is expected that actual administrative fees may differ from the accruals. Accruals for administrative fees and other rebates are recorded as a reduction in both gross revenues in the consolidated statements of operations and accounts receivable or accrued expenses in the consolidated balance sheets.

Co-payment Assistance

Patients who meet certain eligibility requirements may receive co-payment assistance funded by the Company. The Company records contra-revenue for co-payment assistance based on actual program participation and estimates of program redemption using data provided by third-party administrators. An accrued liability is recorded on unredeemed co-payment assistance related to products for which control has been transferred to the customer.

Prompt Payment Discounts

Sales discounts may be granted to customers for prompt payment. The reserve for prompt payment discounts is based on invoices outstanding. Based on past experience, it is assumed that all available discounts will be taken. Accruals for prompt payment discounts are recorded as a reduction in both gross revenues in the condensed consolidated statements of operations and accounts receivable in the condensed consolidated balance sheets.

The following table summarizes activity and ending balances of the Company's variable consideration provisions in the condensed consolidated financial statements for the nine months ended September 30, 2025, and 2024:

	Accruals for Chargebacks, Returns, and Other Allowances						
	Chargebacks	Government Rebates	Returns	Administrative Fees and Other Rebates	Co-Pay Assistance	Prompt Pay Discounts	Total
Balance at December 31, 2023	$ 2,810,000	$ 3,585,000	$ 771,000	$ 24,069,000	$ 971,000	$ 1,101,000	$ 33,307,000
Accruals/Adjustments	7,393,000	4,786,000	5,017,000	47,813,000	54,549,000	3,509,000	123,067,000
Credits Taken Against Reserve	(7,951,000)	(831,000)	(6,643,000)	(44,679,000)	(53,391,000)	(2,928,000)	(116,423,000)
Balance at September 30, 2024	**$ 2,252,000**	**$ 7,540,000**	**$ (855,000)**	**$ 27,203,000**	**$ 2,129,000**	**$1,682,000**	**$ 39,951,000**
Balance at December 31, 2024	$ 960,000	$ 12,360,000	$ 1,449,000	$ 32,873,000	$ 9,612,000	$ 2,377,000	$ 59,631,000
Accruals/Adjustments	22,976,000	12,082,000	12,810,000	61,730,000	35,100,000	3,540,000	148,238,000
Credits Taken Against Reserve	(18,144,000)	(9,977,000)	(7,375,000)	(75,765,000)	(42,299,000)	(4,444,000)	(158,004,000)
Balance at September 30, 2025	**$ 5,792,000**	**$14,465,000**	**$6,884,000**	**$ 18,838,000**	**$ 2,413,000**	**$1,473,000**	**$ 49,865,000**

Other Revenue: Intellectual Property License and Related Arrangements

The Company holds multiple intellectual property licenses and related arrangements pursuant to which the Company has agreed to license or sell to a customer the right to access the Company's intellectual property. License arrangements may consist of non-refundable upfront license fees, data transfer fees, research reimbursement payments, exclusive license rights to patented or patent pending compounds, technology access fees, and various performance or sales milestones. These arrangements can be multiple-element arrangements, the revenue of which is recognized at the point in time that the performance obligation is met.

Non-refundable fees that are not contingent on any future performance by the Company and require no consequential continuing involvement on the part of the Company are recognized as revenue when the license term commences and the licensed data, technology, compounded drug preparation and/or other deliverables are delivered. Such deliverables may include physical quantities of compounded drug preparations, design of the compounded drug preparations and structure-activity relationships, the conceptual framework and mechanism of action, and rights to the patents or patent applications for such compounded drug preparations. The Company defers recognition of non-refundable fees if it has continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee and that are separate and independent of the Company's performance under the other elements of the arrangement. In addition, if the Company's continued involvement is required, through research and development services that are related to its proprietary know-how and expertise of the delivered technology or can only be performed by the Company, then such non-refundable fees are deferred and recognized over the period of continuing involvement. Guaranteed minimum annual royalties are recognized on a straight-line basis over the applicable term.

Revenue disaggregated by revenue source for the three and nine months ended September 30, 2025 and 2024 consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Product sales, net	$ 71,497,000	$ 49,019,000	$ 182,899,000	$ 132,398,000
Other revenues	141,000	238,000	312,000	385,000
Total revenues	$ 71,638,000	$ 49,257,000	$ 183,211,000	$ 132,783,000

Deferred revenue and customer deposits at September 30, 2025 and December 31, 2024 were $345,000 and $44,000, respectively. All deferred revenue and customer deposit amounts at December 31, 2024 were recognized as revenue during 2025.

NOTE 4. INVENTORIES

Inventories are comprised of finished compounded formulations, over-the-counter and prescription retail pharmacy products, branded pharmaceutical products, including those held at the Company's 3PL partner, related laboratory supplies and active pharmaceutical ingredients. The composition of inventories as of September 30, 2025 and December 31, 2024 was as follows:

	September 30, 2025	December 31, 2024

Raw materials	$ 5,212,000	$ 5,362,000
Work in progress	842,000	858,000
Finished goods	6,780,000	4,482,000
Total inventories	$ 12,834,000	$ 10,702,000

NOTE 5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets at September 30, 2025 and December 31, 2024 consisted of the following:

	September 30, 2025	December 31, 2024
Prepaid insurance	$ 1,925,000	$ 1,326,000
Prepaid computer software licenses and related expenses	573,000	765,000
Prefunded co-pay assistance	2,937,000	4,514,000
Other prepaid expenses	4,051,000	1,435,000
Receivable due from Melt	228,000	228,000
Annual Prepaid Prescription Drug User ("PDUFA") fees	-	3,651,000
Deposits and other current assets	3,166,000	3,410,000
Total prepaid expenses and other current assets	$ 12,880,000	$ 15,329,000

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at September 30, 2025 and December 31, 2024 consisted of the following:

	September 30, 2025	December 31, 2024
Property, plant and equipment, net:		
Computer hardware	$ 1,234,000	$ 1,195,000
Furniture and equipment	963,000	956,000
Lab and pharmacy equipment	5,752,000	5,306,000
Leasehold improvements	7,430,000	7,291,000
	15,379,000	14,748,000
Accumulated depreciation	(11,999,000)	(11,014,000)
	$ 3,380,000	$ 3,734,000

For the three and nine months ended September 30, 2025, depreciation expense related to the property, plant and equipment was $326,000 and $985,000, respectively, compared to $351,000 and $948,000 during the same periods in 2024, respectively.

NOTE 7. CAPITALIZED SOFTWARE COSTS

Capitalized software costs at September 30, 2025 and December 31, 2024 consisted of the following:

	September 30, 2025	December 31, 2024
Capitalized software costs		
Capitalized internal-use software development costs	$ 3,410,000	$ 3,395,000
Acquired third-party software license for internal-use	219,000	205,000
Total gross capitalized software for internal-use	3,629,000	3,600,000
Accumulated amortization	(2,299,000)	(1,849,000)
	$ 1,330,000	$ 1,751,000

For the three and nine months ended September 30, 2025, amortization expense related to capitalized software costs was $148,000 and $450,000, respectively, and $146,000 and $434,000 during the same periods in 2024, respectively.

NOTE 8. INTANGIBLE ASSETS AND GOODWILL

The Company's intangible assets at September 30, 2025 consisted of the following:

	Weighted-average useful life (in years)	Cost	Accumulated Amortization	Disposal	Net Carrying Value
Patents	19	$ 227,000	$ (62,000)	$ -	$ 165,000
Licenses	20	50,000	(38,000)	-	12,000
Trademarks	Indefinite	311,000	-	-	311,000
Acquired NDAs	14	207,473,000	(35,619,000)	-	171,854,000
Customer relationships	7	596,000	(552,000)	-	44,000
Trade name	4	75,000	(8,000)	-	67,000
State pharmacy licenses	25	8,000	(4,000)	-	4,000
		$ 208,740,000	$ (36,333,000)	$ -	$ 172,457,000

Amortization expense for intangible assets for the three and nine months ended September 30, 2025 and 2024 was as follows:

For the Three Months Ended September 30,	For the Nine Months Ended September 30,

	2025	2024	2025	2024
Patents	$ 2,000	$ 19,000	$ 8,000	$ 47,000
Licenses	-	34,000	-	34,000
Acquired product rights	4,219,000	2,547,000	12,659,000	7,606,000
Trade name	-	1,000	-	1,000
State pharmacy license	-	1,000	-	1,000
Customer relationships	3,000	3,000	9,000	19,000
	$ 4,224,000	$ 2,605,000	$ 12,676,000	$ 7,708,000

Estimated future amortization expense for the Company's intangible assets at September 30, 2025 was as follows:

Remainder of 2025	$ 3,483,000
2026	16,904,000
2027	16,613,000
2028	16,206,000
2029	16,096,000
Thereafter	102,844,000
	$ 172,146,000

There were no changes to the carrying value of the Company's goodwill during the three and nine months ended September 30, 2025 and 2024.

NOTE 9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at September 30, 2025 and December 31, 2024 consisted of the following:

	September 30, 2025	December 31, 2024
Accounts payable	$ 18,993,000	$ 38,762,000
Accrued interest (see Note 10)	1,063,000	2,538,000
Other accrued expenses	106,000	106,000
Total accounts payable and accrued expenses	$ 20,162,000	$ 41,406,000

NOTE 10. DEBT

Fifth Third Revolving Credit Facility - Undrawn

In September 2025, the Company entered into a Credit Agreement (the "5/3 Revolver") with Fifth Third Bank, National Association as administrative agent for itself and the other lenders, providing for a senior secured revolving credit facility in the initial principal amount of $40,000,000, together with an uncommitted incremental revolving line of credit in the principal amount of up to $20,000,000. The 5/3 Revolver will mature on September 26, 2030, or, if earlier, the date that is 91 days prior to the earliest maturity date of the Company's 2030 Notes (as defined below).

Borrowings under the 5/3 Revolver bear interest at a floating rate equal to, at the Company's option, either (i) a base rate plus a margin ranging from 0.25% to 0.75%, or (ii) a Secured Overnight Financing Rate ("SOFR")-based rate plus a margin ranging from 1.25% to 1.75%. In addition, an unused fee of 0.25% per annum is payable monthly in arrears based on the undrawn portion of the commitments in respect of the 5/3 Revolver. Borrowings under the 5/3 Revolver are secured by a first priority lien in substantially all of the present and future property and assets, real and personal, of the Company, subject to customary exceptions.

Under the 5/3 Revolver, the Company is subject to certain customary affirmative and negative covenants. In addition, the 5/3 Revolver contains certain financial covenants requiring the Company to maintain, on a consolidated basis as of the last day of each month, a fixed charge coverage ratio of at least 1.10 to 1.0.

Deferred financing costs of $611,000 were recorded and will be amortized to interest expense over the term of agreement. The commitment fee related to the unused line of credit will be expensed as incurred.

As of September 30, 2025, there were no borrowings drawn or outstanding under the 5/3 Revolver. The Company was in compliance with all covenants as of September 30, 2025.

8.625% Senior Notes Due 2030

In September 2025, the Company closed a private offering of $250,000,000, aggregate principal amount of 8.625% senior notes due 2030 (the "2030 Notes"). The 2030 Notes offering resulted in net proceeds to the Company of approximately $242,794,000 after deducting underwriting discounts of $5,625,000 and commissions and other offering expenses of $1,581,000.

The 2030 Notes are senior unsecured obligations of the Company. The 2030 Notes are effectively subordinated to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness. The 2030 Notes will be guaranteed on a senior unsecured basis by the Company, subject to certain exceptions. The 2030 Notes bear interest at the rate of 8.625% per annum. Interest on the 2030 Notes is payable semi-annually in arrears on March 15 and September 15 of each year, commencing March 15, 2026. The issuance costs were recorded as a debt discount and are being amortized as interest expense over the term of the 2030 Notes using the effective interest rate method.

The Company may redeem all or part of the 2030 Notes prior to September 15, 2027, at a price equal to 100% of the principal amount of the 2030 Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date, plus a "make-whole" premium, as described in the indenture. The Company may redeem all or part of the 2030 Notes on or after September 15, 2027 at the applicable redemption prices described in the indenture. The Company may also redeem up to 40% of the aggregate principal amount of the 2030 Notes at any time prior to September 15, 2027, at a redemption price equal to 108.625% of the principal amount of the 2030 Notes redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, with the net cash proceeds from certain equity offerings. If

a change in control triggering event occurs, unless the Company has previously exercised or substantially concurrently exercise its optional redemption right, the Company will be required to offer to repurchase the 2030 Notes from holders at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Interest expense related to the 2030 Notes totaled $1,063,000 for the three and nine months ended September 30, 2025, and included the amortization of debt issuance costs and discount of $80,000

Oaktree Loan Due 2026 – Paid in Full

In March 2023, the Company entered into a Credit Agreement and Guaranty (the "Oaktree Loan") with Oaktree Fund Administration, LLC, as administrative agent for the lenders (together, "Oaktree"). Including through subsequent amendments to the Oaktree Loan, the Company had drawn down a total principal loan amount of $107,500,000. The Oaktree Loan carried an interest rate equal to SOFR plus 6.5% per annum, and included an exit fee equal to 3.5% of the aggregate principal amount owed, payable at maturity. In addition to the exit fee, the Oaktree Loan required a make-whole premium to be paid on early principal amount payments prior to its maturity in January 2026. The exit fee of $3,763,000 was recorded as a debt discount.

In September 2025, the Company repaid the $107,500,000 principal balance owed under the Oaktree Loan and all accrued interest as of the date the loan was repaid. In connection with the loan repayment, the Company agreed to pay an exit fee and a make-whole premium to Oaktree. During the three and nine months ended September 30, 2025, the Company recorded the unaccrued exit fee of $268,000, make-whole premium of $1,861,000, and write-off of unamortized debt issuance costs of $1,289,000 as a loss on debt extinguishment of $3,418,000 in the aggregate.

Interest expense related to the Oaktree Loan totaled $3,141,000 and $10,826,000 for the three and nine months ended September 30, 2025, respectively, and included the amortization of debt issuance costs and discount of $745,000 and $2,567,000, respectively. Interest expense related to the Oaktree Loan totaled $3,026,000 and $8,923,000 for the three and nine months ended September 30, 2024, respectively, and included the amortization of debt issuance costs and discount of $656,000 and $1,861,000, respectively.

HROWL – 8.625% Senior Notes Due 2026 – Paid in Full

In April 2021, the Company closed an offering of $50,000,000 aggregate principal amount of 8.625% senior notes due 2026. In May 2021, the Company issued an additional $5,000,000 of such notes pursuant to the full exercise of the underwriters' option to purchase additional notes, and in September 2021, the Company sold an additional $20,000,000 aggregate principal amount of such notes (collectively, the "2026 Notes").

In September 2025, the Company fully repaid the principal balance of $75,000,000, along with all accrued interest owed under the 2026 Notes. through US Bank Trust Company National Association as Trustee. The notes were considered legally extinguished upon such repayment. In connection with the 2026 Notes repayment, the Company paid a make-whole premium of $907,000, recorded $449,000 of unaccrued interest and wrote off $452,000 of unamortized debt issuance costs. During the three and nine months ended September 30, 2025, the make-whole premium, unaccrued interest paid after the redemption notice date, and unamortized debt issuance costs were recorded as a loss on debt extinguishment equal to $1,808,000 in the aggregate. The 2026 Notes listed on The Nasdaq Stock Market under the symbol "HROWL" were delisted on October 10, 2025.

Interest expense related to the 2026 Notes totaled $1,452,000 and $5,074,000 for the three and nine months ended September 30, 2025, respectively, and included amortization of debt issuance costs and discount of $159,000 and $546,000, respectively. Interest expense related to the 2026 Notes totaled $1,814,000 and $5,438,000 for the three and nine months ended September 30, 2024, respectively, and included amortization of debt issuance costs and debt discount of $197,000 and $587,000, respectively.

HROWM - 11.875% Senior Notes Due 2027 – Paid in Full

In December 2022 and in January 2023, the Company closed an offering of $35,000,000 and $5,250,000, respectively, aggregate principal amount of 11.875% senior notes due 2027 (the "2027 Notes"). The 2027 Notes could be redeemed for cash in whole or in part prior to December 31, 2025, at a price equal to $25.50 per note, plus accrued and unpaid interest to, but excluding, the date of redemption.

In September 2025, the Company fully repaid the principal balance of $40,250,000, along with all accrued interest owed under the 2027 Notes through US Bank Trust Company National Association as Trustee. The notes were considered legally extinguished upon such repayment. In connection with the 2027 Notes repayment, the Company paid a prepayment penalty of $805,000, recorded unaccrued interest of $98,000 and wrote off $1,621,000 of unamortized debt issuance costs. During the three and nine months ended September 30, 2025, the prepayment penalty, unaccrued additional interest paid after the redemption notice date and the unamortized debt issuance costs were recorded as a loss on debt extinguishment equal to $2,524,000 in the aggregate. The 2027 Notes listed on The Nasdaq Stock Market under the symbol "HROWM" were delisted on October 8, 2025.

Interest expense related to the 2027 Notes totaled $1,101,000 and $3,845,000 for the three and nine months ended September 30, 2025, respectively, and included the amortization of debt issuance costs and discount of $145,000 and $499,000, respectively. Interest expense related to the 2027 Notes totaled $1,376,000 and $4,121,000 for the three and nine months ended September 30, 2024, respectively, and included amortization of debt issuance costs and debt discount of $181,000 and $537,000, respectively.

A loss on extinguishment of debt equal to $7,750,000 was recorded during the three months ending September 30, 2025.

A summary of the Company's non-current portion of debt at September 30, 2025 and December 31, 2024 is described as follows:

	September 30, 2025	December 31, 2024
8.625% Senior Notes due April 2026	$ -	$ 75,000,000
11.875% Senior Notes due December 2027	-	40,250,000
Oaktree Loan due January 2026	-	111,263,000
8.625% Senior Notes due September 2030	250,000,000	-
	250,000,000	226,513,000
Less: Unamortized debt issuance costs	(7,126,000)	(6,974,000)
	$ 242,874,000	$ 219,539,000

For the three and nine months ended September 30, 2025, the total effective interest rate of the Company's debt was 10.29% and 10.41%, respectively, and 11.03% and 11.17% for the same periods in 2024, respectively.

At September 30, 2025, future minimum payments under the Company's debt were as follows:

	Amount
Remainder of 2025	$ -
2026	21,681,000
2027	21,563,000
2028	21,622,000
Thereafter	282,373,000
Total minimum payments	347,239,000
Less: amount representing interest payments	(97,239,000)
Notes payable, gross principal amount due	250,000,000
Less: unamortized debt issuance costs, net of premium	(7,126,000)
Notes payable, net of unamortized discount	$ 242,874,000

NOTE 11. LEASES

The Company leases office and laboratory space under the non-cancelable operating leases listed below. Except as indicated, these lease agreements have remaining terms between two to seven years and contain various clauses for renewal at the Company's option.

- An operating lease for 38,200 square feet of lab, warehouse and office space in Ledgewood, New Jersey that expires in July 2027, with an option to extend the term for two additional five-year periods.
- An operating lease for 17,700 square feet of office space in Nashville, Tennessee that expires in June 2032, and includes options to extend the lease term to June 2042.
- An operating lease for 11,600 square feet of lab and office space in Nashville, Tennessee which commenced in September 2022 and expires in September 2027.

At September 30, 2025, the weighted average incremental borrowing rate and the weighted average remaining lease term for the operating leases held by the Company were 8.08% and 9.5 years, respectively.

During the three and nine months ended September 30, 2025, cash paid for amounts included for the operating lease liabilities was $332,000 and $840,000, respectively, and $327,000 and $972,000 for the same periods in 2024, respectively. During the three and nine months ended September 30, 2025, the Company recorded operating lease expense of $365,000 and $1,116,000, respectively, and $414,000 and $1,053,000 for the same periods in 2024, respectively. Operating lease expense is included in selling, general and administrative expenses within the condensed consolidated statements of operations.

Future lease payments under operating leases as of September 30, 2025 were as follows:

	Operating Leases
Remainder of 2025	$ 586,000
2026	1,551,000
2027	1,425,000
2028	1,288,000
2029	1,304,000
Thereafter	6,464,000
Total minimum lease payments	12,618,000
Less: amount representing interest payments	(3,620,000)
Total operating lease obligations	8,998,000
Less: current portion, operating lease obligations	(859,000)
Operating lease obligations, net of current portion	$ 8,139,000

NOTE 12. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Common Stock

During the nine months ended September 30, 2025, upon vesting of 346,500 PSUs granted in April 2023 to Andrew R. Boll, the Company's President and Chief Financial Officer, the Company issued 209,755 shares of common stock to Mr. Boll, net of 136,745 shares of common stock withheld for payroll tax withholdings totaling $3,157,000.

During the nine months ended September 30, 2025, upon vesting of 762,300 PSUs granted in April 2023 to Mark L. Baum, the Company's Chief Executive Officer, the Company issued 461,937 shares of common stock to Mr. Baum, net of 300,363 shares of common stock withheld for payroll tax withholdings totaling $6,935,000.

During the nine months ended September 30, 2025, 277,200 PSUs granted in April 2023 to John P. Saharek, the President of ImprimisRx, vested, and the Company issued 167,725 shares of common stock to Mr. Saharek, net of 109,475 shares of common stock withheld for payroll tax withholdings totaling $2,528,000.

In July 2025, the Company issued 286,662 shares of common stock to Mark L. Baum, Chief Executive Officer, upon the cashless exercise of options to purchase 600,000 shares at an exercise price of $7.87 per share. The Company withheld 127,345 shares from Mr. Baum as consideration for the cashless exercise and an additional 185,993 shares for payroll tax obligations totaling $6,897,000.

During the nine months ended September 30, 2025, 42,500 RSUs granted in prior periods vested, and the Company issued 32,672 shares of common stock, net of 9,828 shares of common stock withheld for payroll tax withholdings totaling $343,000.

During the nine months ended September 30, 2025, 198,795 RSUs and PSUs granted in prior periods vested, and the Company issued 198,795 shares of common stock.

During the nine months ended September 30, 2025, the Company issued 28,108 shares of common stock and received proceeds of $287,000 upon the exercise of options to purchase 28,146 shares of common stock with exercise prices ranging from $4.66 to $25.86 per share.

During the nine months ended September 30, 2025, the Company issued 29,214 shares of its common stock underlying RSUs held by a director that ceased providing services to the Company. The RSUs had previously vested, including 4,173 RSUs that vested during the nine months ended September 30, 2025, but the issuance and delivery of the shares were deferred until the director ceased providing services to the Company.

During the nine months ended September 30, 2025, 17,806 shares of the Company's common stock underlying RSUs issued to directors vested, but the issuance and delivery of these shares are deferred until the applicable person ceases providing services to the Company.

During the nine months ended September 30, 2025, 13,000 shares of the Company's common stock underlying RSUs issued to consultants vested, but the issuance and delivery of these shares has not occurred.

Stock Option Plan

On September 17, 2007, the Company's stockholders adopted the Company's 2007 Incentive Stock and Awards Plan, which was subsequently amended on November 5, 2008, February 26, 2012, July 18, 2012, May 2, 2013 and September 27, 2013 (as amended, the "2007 Plan"). The 2007 Plan reached its term in September 2017, and we can no longer issue additional awards under this plan, however, options previously issued under the 2007 Plan will remain outstanding until they are exercised, reach their maturity or are otherwise cancelled/forfeited. On June 13, 2017, the Company's stockholders adopted the Company's 2017 Incentive Stock and Awards Plan which was subsequently amended on June 3, 2021 (as amended, the "2017 Plan"). On June 18, 2025, the Company's stockholders adopted the Company's 2025 Incentive Stock and Awards Plan (the "2025 Plan" together with the 2007 Plan and 2017 Plan, the "Plans"). The purpose of the Plans are to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in the Company's development and financial success. Under the Plans, the Company is authorized to issue incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, restricted stock units, restricted stock and performance awards. The Plans are administered by the Compensation Committee of the Company's Board of Directors.

Stock Options

A summary of stock option activity under the Plans for the nine months ended September 30, 2025 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Options outstanding – January 1, 2025	2,469,099	$ 6.49		
Options granted	198,500	$ 36.96		
Options exercised	(628,334)	$ 7.99		
Options cancelled/forfeited	(69,944)	$ 15.94		
Options outstanding – September 30, 2025	1,969,321	$ 8.75	3.65	$ 77,657,000
Options exercisable	1,660,186	$ 4.84	2.62	$ 71,949,000
Options vested and expected to vest	1,921,309	$ 8.14	3.50	$ 76,921,000

The aggregate intrinsic value in the table above represents the total pre-tax amount of the proceeds, net of exercise price, which would have been received by option holders if all option holders had exercised and immediately sold all shares underlying options with an exercise price lower than the market price on September 30, 2025, based on the closing price of the Company's common stock of $48.18 on that date.

During the nine months ended September 30, 2025, the Company granted stock options to certain employees. The stock options were granted with an exercise price equal to the current market price of the Company's common stock, as reported by the securities exchange on which the common stock was then listed, at the grant date and have contractual terms of ten years. Vesting terms for options granted to employees during the three and nine months ended September 30, 2025 included the following vesting schedule: 25% of the shares subject to the option vest and become exercisable on the first anniversary of the grant date and the remaining 75% of the shares subject to the option vest and become exercisable quarterly in equal installments thereafter over three years. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the Plans) and in the event of certain modifications to the option award agreement.

The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing model. The expected term of options granted to employees and directors was determined in accordance with the "simplified approach," as the Company has limited, relevant, historical data on employee exercises and post-vesting employment termination behavior. The expected risk-free interest rate is based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant. The financial statement effect of forfeitures is estimated at the time of grant and revised, if necessary, if the actual effect differs from those estimates. For option grants to employees and directors, the Company assigns a forfeiture factor of 10%. These factors could change in the future, which would affect the determination of stock-based compensation expense in future periods. Utilizing these assumptions, the fair value is determined at the date of grant.

The table below illustrates the fair value per share determined using the Black-Scholes-Merton option pricing model with the following assumptions used for valuing options granted to employees:

	2025
Weighted-average fair value of options granted	$ 24.59
Expected terms (in years)	6.11
Expected volatility	71.02%-71.30%
Risk-free interest rate	3.84%-4.53%
Dividend yield	-

The following table summarizes information about stock options outstanding and exercisable at September 30, 2025:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$1.47 - $1.70	31,942	1.06	$ 1.68	31,942	$ 1.68
$1.73	250,000	2.25	$ 1.73	250,000	$ 1.73
$2.23	270,000	1.34	$ 2.23	270,000	$ 2.23
$2.40 - $2.60	14,068	1.33	$ 2.57	14,068	$ 2.57
$3.95	308,500	0.50	$ 3.95	308,500	$ 3.95
$4.49 - $5.72	91,350	3.86	$ 5.53	91,350	$ 5.53
$6.30	285,000	3.04	$ 6.30	285,000	$ 6.30
$6.75 - $7.26	38,435	6.72	$ 6.81	26,374	$ 6.77
$7.30	274,500	4.26	$ 7.30	274,500	$ 7.30
$7.60 - $48.18	405,526	8.40	$ 25.44	108,452	$ 11.18
$1.47 - $48.18	1,969,321	3.65	$ 8.75	1,660,186	$ 4.84

As of September 30, 2025, there was approximately $6,307,000 of total unrecognized compensation expense related to unvested stock options granted under the Plans. That expense is expected to be recognized over the weighted-average remaining vesting period of 3.31 years. The stock-based compensation for all stock options was $281,000 and $666,000 during the three and nine months ended September 30, 2025, respectively, and $160,000 and $416,000 during the same periods in 2024, respectively.

The intrinsic value of options exercised during the nine months ended September 30, 2025 was $18,232,000.

Restricted Stock Units

RSU awards are granted subject to certain vesting requirements and other restrictions, including time-based performance and market-based vesting criteria. The grant date fair value of the RSUs, which has been determined based upon the market value of the Company's common stock on the grant date, is expensed over the vesting period of the RSUs.

A summary of the Company's RSU activity and related information for the nine months ended September 30, 2025 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
RSUs unvested - January 1, 2025	353,112	$ 22.55
RSUs granted	126,544	31.45
RSUs vested	(91,861)	21.13
RSUs cancelled/forfeited	(132,500)	19.72
RSUs unvested – September 30, 2025	255,295	$ 28.94

As of September 30, 2025, the total unrecognized compensation expense related to unvested RSUs was approximately $6,431,000, which is expected to be recognized over a weighted-average period of 1.56 years, based on estimated and actual vesting schedules of the applicable RSUs. The stock-based compensation for RSUs during the three and nine months ended September 30, 2025 was $284,000 and $1,692,000, respectively, and was $587,000 and $1,494,000 during the same periods in 2024, respectively.

Performance Stock Units

In July 2025, the Company granted an aggregate of 1,295,250 performance stock units to Mark L. Baum, Chief Executive Officer, and Andrew R. Boll, President and Chief Financial Officer, which are subject to the satisfaction of certain market-based and continued service conditions (the "2025 PSUs"). The vesting of the 2025 PSUs require (i) a minimum of a three-year service period, and (ii) during a five-year term, the achievement and maintenance of Company common stock price targets ranging between $50 to $100 per share, broken out into four separate tranches as described further in the table below.

Tranche	Target Stock Price	Number of Shares
Tranche 1	$ 50	181,335
Tranche 2	$ 60	272,003
Tranche 3	$ 75	375,623
Tranche 4	$ 100	466,289

*Target Stock Price assumes that no dividends or like distributions are made to stockholders of the Company. If such distributions are made, the Target Stock Price would decrease accordingly, to the benefit of the employee, to account for the dividend/distribution as a part of the Target Stock Price.

The aggregate fair value of the 2025 PSUs was $32,465,000 using a Monte Carlo Simulation with a five -year life, 72% volatility and a risk-free interest rate of 3.8%. This amount is being amortized over a three-year derived service period.

A summary of the Company's PSU activity and related information for the nine months ended September 30, 2025 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
PSUs unvested – January 1, 2025	1,567,913	$ 18.56
PSUs granted	1,295,250	25.06

PSUs vested	(1,567,913)		18.56
PSUs cancelled/forfeited	-		
PSUs unvested – September 30, 2025	1,295,250	$	25.06

As of September 30, 2025, the total unrecognized compensation expense related to unvested PSUs was approximately $29,759,000, which is expected to be recognized over a weighted-average period of 2.75 years, based on estimated and actual vesting schedules of the applicable PSUs. The stock-based compensation for PSUs during the three and nine months ended September 30, 2025 was $2,705,000 and $6,344,000, respectively, and $3,638,000 and $10,915,000 during the same periods in 2024, respectively.

Stock-Based Compensation Summary

The Company recorded stock-based compensation related to equity instruments granted to employees, directors and consultants as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Employees - selling, general and administrative	$ 2,951,000	$ 3,728,000	$ 7,382,000	$ 10,832,000
Employees - R&D	-	422,000	422,000	1,300,000
Directors - selling, general and administrative	210,000	199,000	585,000	601,000
Consultants - selling, general and administrative	109,000	36,000	312,000	92,000
Total	$ 3,270,000	$ 4,385,000	$ 8,701,000	$ 12,825,000

NOTE 13. COMMITMENTS AND CONTINGENCIES

Legal

General and Other

In the ordinary course of business, the Company is involved in various legal proceedings, government investigations and other matters that are complex in nature and have outcomes that are difficult to predict. The Company describes legal proceedings and other matters that are/were significant or that it believes could become significant in this footnote.

The Company records accruals for loss contingencies to the extent that it concludes it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in legal proceedings and other matters that could cause an increase or decrease in the amount of a liability that has been accrued previously.

The Company's legal proceedings involve various aspects of its business and a variety of claims, some of which present novel factual allegations and/or unique legal theories. Typically, a number of the matters pending against the Company are at early stages of the legal process, which in complex proceedings of the sort the Company faces often extend for several years. While it is not possible to accurately predict or determine the eventual outcomes of matters that have not concluded, an adverse determination in one or more of the matters (whether discussed in this footnote or not) currently pending may have a material adverse effect on the Company's condensed consolidated results of operations, financial position or cash flows. Legal costs incurred for loss contingencies are expensed as incurred.

Ocular Science, Inc. et. al

In July 2021, ImprimisRx, LLC, a subsidiary of the Company, filed a lawsuit against Ocular Science, Inc. and OSRX, Inc. (together, "OSRX") in the U.S. District Court for the Southern District of California, asserting claims for copyright infringement, trademark infringement, unfair competition and false advertising (Lanham Act). Since July 2021, the complaint had been amended and OSRX added counterclaims alleging ImprimisRx, LLC was violating the Lanham Act with false advertising. The Court granted cross motions for summary judgment on each party's Lanham Act claims, thus leaving only ImprimisRx, LLC's copyright infringement, trademark infringement, and unfair competition claims for trial. Following a jury trial in November 2024, a jury found OSRX acted with malice, fraud, or oppression, willfully engaging in trademark infringement and unfair competition under California and federal law, and ImprimisRx, LLC received a $34,900,000 jury verdict award, which included $20,400,000 in punitive damages and $14,500,000 in actual damages. An amended final judgment was entered on October 1, 2025, which reduced the OSRX liability to $11,249,000, plus post-judgment interest, and required OSRX to cease use of certain trademarks. The Company is pursuing efforts to enforce and collect the full judgment amount of $11,249,000 (plus post-judgment interest), including the filing of liens on OSRX assets; however, due to uncertainty regarding the probability of collection, the Company has not recognized any gains associated with the judgment in the accompanying condensed consolidated financial statements.

Product and Professional Liability

Product and professional liability litigation represents an inherent risk to all firms in the pharmaceutical and pharmacy industry. We utilize traditional third-party insurance policies with regard to our product and professional liability claims. Such insurance coverage at any given time reflects current market conditions, including cost and availability, when the policy is written.

Indemnities

In addition to the indemnification provisions contained in the Company's charter documents, the Company generally enters into separate indemnification agreements with each of the Company's directors and officers. These agreements require the Company, among other things, to indemnify the director or officer against specified expenses and liabilities, such as attorneys' fees, judgments, fines and settlements, paid by the individual in connection with any action, suit or proceeding arising out of the individual's status or service as the Company's director or officer, other than liabilities arising from willful misconduct or conduct that is knowingly fraudulent or deliberately dishonest, and to advance expenses incurred by the individual in connection with any proceeding against the individual with respect to which the individual may be entitled to indemnification by the Company. Several of the Company's asset purchase and license agreements contain customary representations, warranties, covenants and confidentiality provisions, and also contain mutual indemnification obligations related primarily to performance under the respective agreements. The Company also indemnifies its lessors in connection with its facility leases for certain claims arising from the use of the facilities. These indemnities

do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities in the accompanying condensed consolidated balance sheets.

Asset Purchase, License and Related Agreements

FDA Approved Product Acquisitions

In recent years, the Company has acquired commercial and product rights to various FDA approved ophthalmic medications and products through asset purchase, licenses, supply and/or other related agreements. In general, in exchange for product and commercial rights these agreements provide the counterparties with certain upfront and contingent milestone payments typically related to certain annual sales amounts and manufacturing events, and in certain cases, per unit transfer prices and royalties on sales of some of the products. In June 2025, the Company announced that it had entered into a license and supply agreement (the "Formosa Agreement") with Formosa Pharmaceuticals, Inc. ("Formosa"). Under the terms of the Formosa Agreement, the Company licensed from Formosa the exclusive rights and marketing authorization of BYQLOVI™ (clobetasol propionate ophthalmic suspension) 0.05% in the U.S. market. In consideration for such rights, the Company will make a one-time payment to Formosa equal to $500,000 at the time the Company makes its first commercial sale of BYQLOVI to a third party and Formosa will be eligible to receive other one-time payments based on achievement of commercial gross profit milestones along with royalties on gross profits of BYQLOVI.

During the three and nine months ended September 30, 2025, $2,480,000 and $6,853,000 were incurred under these agreements as royalty expenses, respectively, and $730,000 and $2,040,000, respectively, during the same period in 2024, which are presented as a component of cost of goods sold within the statement of operations. During the three and nine months ended September 30, 2024, $0 was incurred under these agreements related to upfront and milestone payments under these agreements., and $0, during the same periods in 2024. As of September 30, 2025, the remaining contingent consideration payable pursuant to these agreements were not considered probable and reasonably estimable and therefore, no amount was accrued related to these contingent obligations during the nine months ended September 30, 2025. At the time contingent consideration payable becomes probable and reasonably estimable, the additional consideration, if any, paid will be allocated to the assets based on their initial estimated fair values as a percent of total purchase price.

BYOOVIZ® and OPUVIZ™ – Commercialization Agreement

In July 2025, the Company entered into a development and commercialization agreement (the "Samsung Agreement") with Samsung Bioepis Co., Ltd. ("Samsung"). Under the terms of the Samsung Agreement, following completion of the transition of commercial rights from Biogen, Inc. back to Samsung, Samsung will develop, manufacture, and supply BYOOVIZ (ranibizumab-nuna) and OPUVIZ (aflibercept-yszy) (individually, a "Product" and together, the "Products") for Harrow to commercialize in the U.S. market (the "Rights"). In consideration of such Rights, Harrow will make a one-time upfront payment to Samsung, and Samsung will be eligible to receive additional one-time payments based on the achievement of net sales-based milestones of the Products. In addition to other mutually agreed terms, Harrow shall pay to Samsung a share of net sales from the Products generated in the U.S. market.

Acquisition of Remaining Interests in Melt Pharmaceuticals, Inc. - Related Party

In September 2025, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, Harrow Acquisition Sub, Inc., a wholly owned subsidiary of the Company, Melt Pharmaceuticals, Inc. ("Melt"), and D. Brad Osborne, as stockholder representative.

As of September 30, 2025, the Company owned approximately 46% of Melt's outstanding equity and also had a mid-single digit royalty interest on future net sales of Melt's primary product (MELT-300). Certain officers and directors of the Company, including Mark L. Baum, the Company's Chairman and Chief Executive Officer, and Andrew R. Boll, the Company's President and Chief Financial Officer, own additional equity interests in Melt, and Mr. Baum serves on the board of directors of Melt.

Under the terms of the Merger Agreement and related milestone payment agreement, the Company agreed to acquire the remaining equity interests of Melt in exchange for an initial cash payment of approximately $4,300,000 at closing, and contingent consideration consisting of cash and Company equity upon achievement of (i) U.S. Food and Drug Administration ("FDA") approval of the MELT-300 product candidate, (ii) coding and reimbursement of the MELT-300 product candidate, and (iii) various one-time sales milestones, as follows:

- Upon FDA approval of MELT-300, the Company shall pay an aggregate amount in cash of approximately $87,200,000.
- Upon receipt of pass-through status awarded and J-Code (or any other similar designation) issued by the Center for Medicare & Medicaid Services for MELT-300 the Company shall issue an aggregate of approximately 1,112,000 shares of the Company's common stock.
- Upon achievement of various annual net sales milestones ranging from $100,000,000 to $1,000,000,000 per year, the Company shall make one-time cash payments that in the aggregate may total up to approximately $261,000,000 if all annual net sales milestones are achieved.

The regulatory and commercial milestones must be achieved on or before December 31, 2035.

The Merger Agreement includes representations and warranties and covenants of the parties customary for such a transaction. Until the earlier of the termination of the Merger Agreement and the effective time of the acquisition, Melt has agreed to operate its business in the ordinary course and has agreed to certain other operating covenants. In addition, Melt has agreed to use reasonable best efforts to obtain approval of the Merger Agreement and the transactions contemplated thereby by the requisite Melt stockholders needed for approval.

The closing of this acquisition has not yet occurred and is subject to certain customary closing conditions, including the approval of the requisite stockholders of Melt, the continued accuracy of representations and warranties and performance of covenants, and the absence of any material adverse effect. The Company expects to close this acquisition during the fourth quarter of 2025.

Formulation Acquisitions

The Company has acquired and sourced intellectual property rights related to certain proprietary innovations from certain inventors, innovator companies and related parties (the "Inventors") through multiple asset purchase agreements and license agreements. In general, these agreements provide that the Inventors will cooperate with the Company in obtaining patent protection for the acquired intellectual property and that the Company will use commercially reasonable efforts to research, develop and commercialize a product based on the acquired intellectual property. In addition, the Company has acquired a right of first refusal on additional intellectual property and drug development opportunities presented by these Inventors.

In consideration for the acquisition of these intellectual property rights, the Company is obligated to make payments to the Inventors based on the completion of certain milestones, generally consisting of: (1) a payment payable within 30 to 45 days after the issuance of the first patent in the United States arising from the acquired intellectual property (if any); (2) a payment payable within 30 days after the Company files the first investigational new drug application ("IND") with the U.S. Food and Drug Administration ("FDA") for the first product arising from the acquired intellectual property (if any); (3) for certain of the Inventors, a payment payable within 30 days after the Company files the first new drug application with the FDA for the first product arising from the acquired intellectual property (if any); and (4) certain royalty payments based on the net receipts received by the Company in connection with the sale or licensing of any product based on the acquired intellectual property (if any), after deducting (among other things) the Company's development costs associated with such product. If, following five years after the date of the applicable asset purchase agreement, the Company either (a) for certain of the Inventors, has not filed an IND or, for the remaining Inventors, has not initiated a study where data is derived, or (b) has failed to generate royalty payments to the Inventors for any product based on the acquired intellectual property, the Inventors may terminate the applicable asset purchase agreement and request that the Company re-assign the acquired technology to the Inventors. During the three and nine months ended September 30, 2025, $237,000 and $801,000, respectively, were incurred under these agreements as royalty expenses, and $453,000 and $949,000, respectively, during the same periods in 2024.

Contract Manufacturing

The Company is a party to manufacturing agreements with respect to third-party contract manufacturers for its FDA approved pharmaceutical products. Some of these contract manufacturing agreements require minimum annual order amounts. The Company has committed to pay approximately $8,527,000 related to contract manufacturing agreements for the year ending December 31, 2025.

NOTE 14. SEGMENTS AND CONCENTRATIONS

The Company operates in two reportable segments which are generally determined based on the decision-making structure of the Company and the grouping of similar products and services: Branded and ImprimisRx.

- The ***Branded*** segment includes activities of the Company's FDA-approved ophthalmology pharmaceutical products, including the out-licensing of rights to certain of our branded products.
- The ***ImprimisRx*** segment represents activities in the Company's ophthalmology-focused pharmaceutical compounding business.

Segment contribution for the segments represents net revenues less cost of sales, certain general and administrative expenses, selling and marketing expenses, and research and development expenses. The Company does not evaluate the following items at the segment level:

- Selling, general and administrative expenses that result from shared infrastructure, including certain expenses associated with legal matters, public company costs (e.g. investor relations), Board of Directors and principal executive officers and other shared expenses.
- Operating expenses within selling, general and administrative expenses that result from the impact of corporate initiatives. Corporate initiatives primarily include integration, restructuring, acquisition and other shared costs.
- Other select revenues and operating expenses including research and development expenses, amortization, and asset sales and impairments, net as not all such information has been accounted for at the segment level, or such information has not been used by all segments.

Segment net revenues, segment operating expenses and segment contribution information consisted of the following:

	Three Months Ended September 30, 2025			Three Months Ended September 30, 2024		
	Branded	**Compounding**	**Consolidated**	**Branded**	**Compounding**	**Consolidated**
Product sales, net	$ 51,441,000	$ 20,056,000	$ 71,497,000	$ 28,314,000	$ 20,705,000	$ 49,019,000
Other revenues	141,000	-	141,000	238,000	-	238,000
Total revenues	**51,582,000**	**20,056,000**	**71,638,000**	**28,552,000**	**20,705,000**	**49,257,000**
Cost of sales	9,491,000	8,221,000	17,712,000	5,169,000	6,849,000	12,018,000
Gross profit	**42,091,000**	**11,835,000**	**53,926,000**	**23,383,000**	**13,856,000**	**37,239,000**
Operating expenses						
Selling, general and administrative	20,085,000	7,344,000	27,429,000	14,038,000	5,427,000	19,465,000
Research and development	2,929,000	378,000	3,307,000	212,000	84,000	296,000
Segment contribution	**$19,077,000**	**$ 4,113,000**	**$23,190,000**	**$ 9,133,000**	**$ 8,345,000**	**$17,478,000**
Corporate	-	-	8,427,000	-	-	14,180,000
Research and development			16,000			1,977,000
Income from operations			**$14,747,000**			**$ 1,321,000**

	Nine Months Ended September 30, 2025			Nine Months Ended September 30, 2024		
	Branded	**Compounding**	**Consolidated**	**Branded**	**Compounding**	**Consolidated**
Product sales, net	$ 121,324,000	$ 61,575,000	$ 182,899,000	$ 69,395,000	$ 63,003,000	$ 132,398,000
Other revenues	312,000	-	312,000	385,000	-	385,000
Total revenues	**121,636,000**	**61,575,000**	**183,211,000**	**69,780,000**	**63,003,000**	**132,783,000**
Cost of sales	26,406,000	23,060,000	49,466,000	14,406,000	20,704,000	35,110,000
Gross profit	**95,230,000**	**38,515,000**	**133,745,000**	**55,374,000**	**42,299,000**	**97,673,000**
Operating expenses						
Selling, general and administrative	61,097,000	21,964,000	83,061,000	36,034,000	17,364,000	53,398,000
Research and development	7,312,000	1,044,000	8,356,000	321,000	261,000	582,000
Segment contribution	**$ 26,821,000**	**$ 15,507,000**	**$ 42,328,000**	**$19,019,000**	**$ 24,674,000**	**$ 43,693,000**
Corporate	-	-	26,543,000	-	-	40,877,000
Research and development			861,000			6,893,000
Income (loss) from operations			**$ 14,924,000**			**$ (4,077,000)**

Substantially all revenue is attributable to the U.S. All long-lived assets at September 30, 2025 and December 31, 2024 were located in the U.S.

Revenues by segment are further described as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
IHEEZO	$ 21,907,000	$ 12,882,000	$ 45,465,000	$ 26,498,000
VEVYE	22,626,000	5,186,000	62,783,000	12,099,000
Other branded products	6,908,000	10,256,000	13,076,000	30,808,000
Other revenues	141,000	228,000	312,000	375,000
Branded revenue, net	51,582,000	28,552,000	121,636,000	69,780,000
ImprimisRx revenue, net	20,056,000	20,705,000	61,575,000	63,003,000
Total revenues, net	**$ 71,638,000**	**$ 49,257,000**	**$ 183,211,000**	**$ 132,783,000**

Other than IHEEZO and VEVYE, no other products accounted for more than 10% of total revenues for the periods presented.

Customer and Supplier Concentrations

Substantially all of the Company's Branded sales are made to third-party distributors who sell the products to pharmacies and to the end-users. There were two customers who comprised more than 10% of the Company's Branded revenues for the three and nine months ended September 30, 2025 and one customer who comprised more than 10% of the Company's Branded revenues for the three and nine months ended September 30, 2024. There were no customers who comprised more than 10% of ImprimisRx revenues for the three and nine months ended September 30, 2025 and 2024. As of September 30, 2025 and December 31, 2024, accounts receivable from two customers accounted for 82% and 94%, respectively, of total consolidated accounts receivable.

The Company received its active pharmaceutical ingredients from three main suppliers during the three and nine months ended September 30, 2025 and 2024. These suppliers collectively accounted for 38% and 68% of active pharmaceutical ingredient purchases during the three and nine months ended September 30, 2025, respectively, and 50% and 51% during the same periods in 2024, respectively.

NOTE 15. SUBSEQUENT EVENTS

The Company has performed an evaluation of events occurring subsequent to September 30, 2025 through the filing date of this Quarterly Report on Form 10-Q. Based on its evaluation, no events other than those described below need to be disclosed.

In October 2025, the Company issued 1,658 shares of common stock and received proceeds of $20,000 upon the exercise of options to purchase 1,658 shares of common stock with exercise prices between $7.60 and $21.12 per share.

In October 2025, the Company issued 1,546 shares of its common stock underlying RSUs held by employees of the Company, net of an aggregate of 704 shares of the Company's common stock were withheld from issuance by the Company for payroll tax obligations totaling $28,000.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto contained in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report"). Our condensed consolidated financial statements have been prepared and, unless otherwise stated, the information derived therefrom as presented in this discussion and analysis is presented, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The information contained in this Quarterly Report is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this Quarterly Report and in our other reports filed with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and subsequent reports, which discuss our business in greater detail. As used in this discussion and analysis, unless the context indicates otherwise, the terms the "Company," "Harrow," "we," "us" and "our" refer to Harrow, Inc. and its consolidated subsidiaries, including ImprimisRx, LLC, ImprimisRx NJ, LLC dba ImprimisRx, Imprimis NJOF, LLC, Harrow IP, LLC and Harrow Eye, LLC. In this discussion and analysis, we refer to our consolidated subsidiaries ImprimisRx, LLC, ImprimisRx NJ, LLC and Imprimis NJOF, LLC collectively as "ImprimisRx."

In addition to historical information, the following discussion contains forward-looking statements regarding future events and our future performance. In some cases, you can identify forward-looking statements by terminology such as "will," "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "forecasts," "potential" or "continue" or the negative of these terms or other comparable terminology. All statements made in this Quarterly Report other than statements of historical fact are forward-looking statements. These forward-looking statements involve risks and uncertainties and reflect only our current views, expectations and assumptions with respect to future events and our future performance. If risks or uncertainties materialize or assumptions prove incorrect, actual results or events could differ materially from those expressed or implied by such forward-looking statements. Risks that could cause actual results to differ from those expressed or implied by the forward-looking statements we make include, among others, risks related to: liquidity or results of operations; our ability to successfully implement our business plan, develop and commercialize our products, product candidates and proprietary formulations in a timely manner or at all, identify and acquire additional products, manage our pharmacy operations, refinance and otherwise service our debt, obtain financing necessary to operate our business, recruit and retain qualified personnel, manage any growth we may experience and successfully realize the benefits of our previous acquisitions and any other acquisitions and collaborative arrangements we may pursue; the ongoing communications with the U.S. Food and Drug Administration relating to compliance and quality plans at our outsourcing facility in New Jersey; competition from pharmaceutical companies, outsourcing facilities and pharmacies; general economic and business conditions, including inflation and supply chain challenges; regulatory and legal risks and uncertainties related to our pharmacy operations and the pharmacy and pharmaceutical business in general; physician interest in and market acceptance of our current and any future formulations and compounding pharmacies generally; and the other risks and uncertainties described under the heading "Risk Factors" in Part II, Item 1A of this Quarterly Report and in our other filings with the SEC. You should not place undue reliance on forward-looking statements.

Forward-looking statements speak only as of the date they are made and, except as required by law, we undertake no obligation to revise or publicly update any forward-looking statement for any reason.

Overview

We are a leading provider of ophthalmic disease management solutions in North America, offering a comprehensive portfolio of products that address conditions affecting both the front and back of the eye, such as dry eye disease, wet (or neovascular) age-related macular degeneration, cataracts, refractive errors, glaucoma and a range of other ocular surface conditions and retina diseases. Harrow was founded with a commitment to deliver safe, effective, accessible, and affordable medications that enhance patient compliance and improve clinical outcomes.

Factors Affecting Our Performance

We believe the primary factors affecting our performance are our ability to increase revenues of our branded pharmaceutical products, proprietary compounded formulations and certain non-proprietary products, grow and gain operating efficiencies in our operations, avoid or mitigate any potential regulatory-related restrictions, optimize pricing and obtain reimbursement options for our drug products, and continue to pursue development and commercialization opportunities for certain of our ophthalmology and other assets that we have not yet made commercially available. We believe we have built a tangible and intangible infrastructure that will allow us to scale revenues efficiently in the near and long-term. All of these activities may require significant costs and other resources, which we may not have or be able to obtain from operations or other sources. See "Liquidity and Capital Resources" below.

Recent Developments

The following describes certain developments in 2025 to date that are important to understand our financial condition and results of operations. See the notes to our unaudited condensed consolidated financial statements included in this Quarterly Report for additional information about each of these developments.

Fifth Third Revolving Credit Facility

In September 2025, we entered into a Credit Agreement (the "5/3 Revolver") with Fifth Third Bank, National Association, as administrative agent for itself and the other lenders (collectively, "Fifth Third") providing for a senior secured revolving credit facility in the initial principal amount of $40,000,000, together with an uncommitted incremental revolving line of credit in the principal amount of up to $20,000,000. The 5/3 Revolver will mature on September 26, 2030, or, if earlier, the date that is 91 days prior to the earliest maturity date of the Company's 2030 Notes (as defined below).

Borrowings under the 5/3 Revolver bear interest at a floating rate equal to, at the Company's option, either (i) a base rate plus a margin ranging from 0.25% to 0.75%, or (ii) a Secured Overnight Financing Rate ("SOFR") based rate plus a margin ranging from 1.25% to 1.75%. In addition, an unused fee of 0.25% per annum is payable monthly in arrears based on the undrawn portion of the commitments in respect of the 5/3 Revolver. Borrowings under the 5/3 Revolver are secured by a first priority lien in substantially all of the present and future property and assets, real and personal, of the Company, subject to customary exceptions.

Under the 5/3 Revolver, we are subject to certain customary affirmative and negative covenants. In addition, the 5/3 Revolver contains certain financial covenants requiring the Company to maintain, on a consolidated basis as of the last day of each month, a fixed charge coverage ratio of at least 1.10 to 1.0.

Harrow Access for All

In September 2025, we announced Harrow Access For All ("HAFA") to expand our proprietary patient access model from a single product to encompass Harrow's comprehensive ophthalmic portfolio of branded, authorized generics (AGx), and compounded ophthalmic medications. Beginning in late 2025 and expanding into 2027, HAFA will provide a single, unified access point for prescribers and patients, offering affordability, streamlined prescribing, and predictable access. The platform creates a simpler, more predictable path to treatment—supporting better outcomes for patients and greater efficiency for physicians.

Acquisition of Remaining Interests in Melt Pharmaceuticals, Inc.

In September 2025, we entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among us, Harrow Acquisition Sub, Inc., a wholly owned subsidiary of Harrow, Melt Pharmaceuticals, Inc. ("Melt"), and D. Brad Osborne, as stockholder representative. Under the terms of the Merger Agreement and related milestone payment agreement, the Company agreed to acquire the remaining equity interests of Melt in exchange for an initial cash payment of approximately $4,300,000 at closing, and contingent consideration consisting of cash and Company equity upon achievement of (i) U.S. Food and Drug Administration ("FDA") approval of the MELT-300 product candidate, (ii) coding and reimbursement of the MELT-300 product candidate, and (iii) various one-time sales milestones, as follows:

- Upon FDA approval of MELT-300, the Company shall pay an aggregate amount in cash of approximately $87,200,000.
- Upon receipt of pass-through status awarded and J-Code (or any other similar designation) issued by the Center for Medicare & Medicaid Services for MELT-300 the Company shall issue an aggregate of approximately 1,112,000 shares of the Company's common stock.
- Upon achievement of various annual net sales milestones ranging from $100,000,000 to $1,000,000,000 per year, the Company shall make one-time cash payments that in the aggregate may total up to approximately $261,000,000 if all annual net sales milestones are achieved.

The regulatory and commercial milestones must be achieved, if at all, on or before December 31, 2035.

The Merger Agreement includes representations and warranties and covenants of the parties customary for such a transaction. Until the earlier of the termination of the Merger Agreement and the effective time of the acquisition, Melt has agreed to operate its business in the ordinary course and has agreed to certain other operating covenants. In addition, Melt has agreed to use reasonable best efforts to obtain approval of the Merger Agreement and the transactions contemplated thereby by the requisite Melt stockholders needed for approval.

The closing of this acquisition has not yet occurred and is subject to certain customary closing conditions, including the approval of the requisite stockholders of Melt, the continued accuracy of representations and warranties and performance of covenants, and the absence of any material adverse effect. We expect to close this acquisition before December 31, 2025.

8.625% Senior Notes Due 2030 and Payoff of Prior Debt

In September 2025, we closed a private offering of $250,000,000, aggregate principal amount of 8.625% senior notes due 2030 (the "2030 Notes"). The 2030 Notes offering resulted in net proceeds to us of approximately $242,794,000 after deducting underwriting discounts and commissions and other offering expenses of $7,206,000

The 2030 Notes are senior unsecured obligations and are effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness. The 2030 Notes are guaranteed on a senior unsecured basis by us, subject to certain exceptions. The 2030 Notes bear interest at the rate of 8.625% per annum. Interest on the 2030 Notes is payable semi-annually in arrears on March 15, and September 15 of each year. The issuance costs were recorded as a debt discount and are being amortized as interest expense over the term of the 2030 Notes using the effective interest rate method.

We used the net proceeds from the 2030 Notes offering to prepay all then outstanding senior debt borrowings, exit costs, and accrued interest including $107,500,000 in total principal loan amount borrowed under the Credit Agreement and Guaranty (the "Oaktree Loan") with Oaktree Fund Administration, LLC, as administrative agent for the lenders (together, "Oaktree"), $75,000,000 in total principal amount senior notes due 2026 (the "2026 Notes), and $40,250,000 in total principal amount senior notes due 2027 (the "2027 Notes"). The 2026 Notes and 2027 Notes were listed on The Nasdaq Stock Market under the symbols "HROWL" and "HROWM", respectively. The 2026 Notes were delisted on October 10, 2025 and the 2027 Notes were delisted on October 8, 2025.

BYOOVIZ® and OPUVIZ™ – Commercialization Agreement

In July 2025, we entered into a development and commercialization agreement (the "Samsung Agreement") with Samsung Bioepis Co., Ltd. ("Samsung"). Under the terms of the Samsung Agreement, following completion of the transition of commercial rights from Biogen, Inc. back to Samsung, Samsung will develop, manufacture, and supply BYOOVIZ (ranibizumab-nuna) and OPUVIZ (aflibercept-yszy) (individually, a "Product" and together, the "Products") for Harrow to commercialize in the U.S. market (the "Rights"). In consideration of such Rights, we will make a one-time upfront payment to Samsung, and Samsung will be eligible to receive additional one-time payments based on the achievement of net sales-based milestones of the Products. In addition to other mutually agreed terms, we shall pay to Samsung a share of net sales from the Products generated in the U.S. market.

Acquisition of Commercial Rights to BYQLOVI™

In June 2025, we announced a licensing agreement whereby we acquired the exclusive U.S. commercial rights to BYQLOVI (clobetasol propionate ophthalmic suspension) 0.05% from Taiwan-based Formosa Pharmaceuticals. BYQLOVI was recently approved by the FDA for the treatment of post-operative inflammation and pain following ocular surgery and is the first new ophthalmic steroid in its class in over 15 years. Harrow expects BYQLOVI to be available in the fourth quarter of 2025.

VEVYE® Access for All

In March 2025, we announced a patient access program called VEVYE Access for All. The program is designed to increase patient access to VEVYE at an out-of-pocket cost of $59 or below and, in many cases, reduce the need for prior authorizations, step edits, and other treatment obstacles facing dry eye patients and their prescribers.

Project Beagle

During the first quarter of 2025 we initiated a 360-degree review of opportunities to offer ImprimisRx customers a Harrow-owned FDA-approved product alternative to a compounded formulation. We call this initiative Project Beagle. In that vein, we began implementing a continuity of care program to transition approximately 25,000 ImprimisRx patients from our Klarity-C (0.1% cyclosporine) compounded formulation to VEVYE (0.1% cyclosporine), and we discontinued compounding Klarity-C on June 30, 2025. We also discontinued another related compounded formulation called Klarity PF. Klarity PF was primarily purchased by a concentrated group of customers who have accepted our FRESHKOTE product as an alternative. We continue to review opportunities to reduce the size of our compounded formulary, improve and simplify our compounding capabilities, and transition other ImprimisRx customers from compounded formulations to Harrow's FDA-approved products.

Results of Operations

The following period-to-period comparisons of our financial results for the three and nine months ended September 30, 2025 and 2024 are not necessarily indicative of results for any future period.

Revenues

Our revenues include amounts recorded from sales of proprietary compounded formulations, sales of branded products to wholesalers through a third-party logistics facility, commissions from third parties and revenues received from royalty payments owed to us pursuant to out-license arrangements.

The following presents our revenues for the three and nine months ended September 30, 2025 and 2024:

	For the Three Months Ended September 30,		$	For the Year Ended September 30,		$
	2025	2024	Variance	2025	2024	Variance
IHEEZO	$ 21,907,000	$ 12,882,000	$ 9,025,000	$ 45,465,000	$ 26,498,000	$ 18,967,000
VEVYE	22,626,000	5,186,000	17,440,000	62,783,000	12,099,000	50,684,000
Other branded products	6,908,000	10,256,000	(3,348,000)	13,076,000	30,808,000	(17,732,000)
Other revenues	141,000	228,000	(87,000)	312,000	375,000	(63,000)
Branded revenue, net	51,582,000	28,552,000	23,030,000	121,636,000	69,780,000	51,856,000
ImprimisRx revenue, net	20,056,000	20,705,000	(649,000)	61,575,000	63,003,000	(1,428,000)
Total revenues, net	**$71,638,000**	**$49,257,000**	**$22,381,000**	**$183,211,000**	**$132,783,000**	**$50,428,000**

The increase in revenues between periods was related to an increase in sales and units sold of IHEEZO and VEVYE during the three and nine months ended

September 30, 2025 compared to the prior year periods.

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales includes direct and indirect costs to manufacture formulations and sell products, including active pharmaceutical ingredients, personnel costs, packaging, storage, royalties, shipping and handling costs, manufacturing equipment and tenant improvements depreciation, the write-off of obsolete inventory, amortization of acquired product rights, and other related expenses.

Branded

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Cost of Sales	$ 9,491,000	$ 5,169,000	$ 4,322,000	$26,406,000	$14,406,000	$12,000,000
Gross profit	$42,091,000	$23,383,000	$18,708,000	$95,230,000	$55,374,000	$39,856,000
Gross margin	81.6%	81.9%	-0.3%	78.3%	79.4%	-1.1%

The increase in Branded cost of sales was primarily attributable to an increase in units sold during the three and nine months ended September 30, 2025 compared to the prior year periods and an increase in our fixed expenses. The decrease in Branded gross margin between the three and nine months ended September 30, 2025 and 2024 was primarily attributable to an increase in our fixed expenses, in particular, acquired product rights amortizations related to the launch of TRIESENCE and a related contingent milestone payment that was capitalized in the fourth quarter of 2024.

ImprimisRx

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Cost of Sales	$ 8,221,000	$ 6,849,000	$ 1,372,000	$23,060,000	$20,704,000	$ 2,356,000
Gross profit	$11,835,000	$13,856,000	$(2,021,000)	$38,515,000	$42,299,000	$(3,784,000)
Gross margin	59.0%	66.9%	-7.9%	62.5%	67.1%	-4.6%

The increase in ImprimisRx costs of sales between the three and nine months ended September 30, 2025 and 2024 was primarily attributable to product mix that included more sales of lower gross margin products and sales discounts. ImprimisRx gross margin decreased during the 2025 periods compared to the prior year period due to the previously mentioned product mix as related well as one-time costs that impacted our efficiency.

Selling, General and Administrative Expenses

Our selling, general and administrative ("SG&A") expenses include personnel costs, including wages and stock-based compensation, corporate facility expenses, and investor relations, consulting, insurance, filing, legal and accounting fees and expenses as well as costs associated with our marketing activities and sales of our proprietary compounded formulations and other non-proprietary pharmacy products and formulations.

The following presents our SG&A expenses for the three and nine months ended September 30, 2025 and 2024:

	For the Three Months Ended September 30,		$	For the Nine Months Ended September 30,		$
	2025	2024	Variance	2025	2024	Variance
Selling, general and administrative	$ 35,856,000	$33,645,000	$ 2,211,000	$109,604,000	$94,275,000	$15,329,000

The increase in SG&A expenses between the three-month periods was primarily attributable to the addition of new employees in sales, marketing and other departments to support current and expected growth, which when combined contributed to a $3,434,000 increase in SG&A expenses between the periods. These increases were offset by a $1,223,000 decrease in stock-based compensation expense between periods.

The increase in SG&A expenses between the nine-month periods was primarily attributable to an increase in certain seasonal expenses, such as increased costs associated with our annual audit and a special project that totaled $3,629,000 during the nine months ended September 30, 2025. In addition, the increase in SG&A expenses between periods was attributable to the addition of new employees in sales, marketing and other departments to support current and expected growth, which when combined contributed to a $15,933,000 increase in SG&A expenses between the periods. These increases were offset by a $4,233,000 decrease in stock-based compensation expense between periods.

Research and Development Expenses

Our research and development ("R&D") expenses primarily include personnel costs, including wages and stock-based compensation, expenses related to the development of intellectual property, investigator-initiated research and evaluations, formulation development, acquired in-process R&D and other costs related to the clinical development of our assets.

The following presents our research and development expenses for the three and nine months ended September 30, 2025 and 2024:

	For the Three Months Ended September 30,		$	For the Nine Months Ended September 30,		$
	2025	2024	Variance	2025	2024	Variance
Research and development	$ 3,323,000	$ 2,273,000	$ 1,050,000	$ 9,217,000	$ 7,475,000	$ 1,742,000

The increase in R&D expenses between the three and nine month periods was primarily attributable to increased development activity related to our branded product portfolio, new product candidate development efforts, and clinical and medical support.

Interest Expense, Net

Interest expense, net was $6,038,000 and $18,994,000 for the three and nine months ended September 30, 2025, respectively, compared to $5,525,000 and $16,411,000 for the same periods in 2024, respectively. The increase during the three and nine months ended September 30, 2025 compared to the same periods in 2024 was primarily the result of an increase in the outstanding principal amount of our debt obligations.

Investment Loss from Eton

During the three and nine months ended September 30, 2024, we recorded a loss of $0 and $3,171,000, respectively, related to the change in fair market value of common stock of Eton Pharmaceuticals, Inc. ("Eton") at the time of its sale, including trading expenses and commissions of approximately $436,000. In April 2024, we sold all of our shares of Eton.

Loss on Early Extinguishment of Debt

During the three and nine months ended September 30, 2025 we recorded a loss on extinguishment of debt of $7,750,000, related to the payoff of the 2026 Notes and 2027 Notes along with the Oaktree Loan. There were no extinguishments of debt during the three and nine months ended September 30, 2024.

Liquidity and Capital Resources

Liquidity

Our cash on hand at September 30, 2025 was $74,290,000, compared to $47,247,000 at December 31, 2024.

As of the date of this Quarterly Report, we believe that cash and cash equivalents of $74,290,000 at September 30, 2025 will be sufficient to sustain our planned level of operations and capital expenditures for at least the next 12 months.

In addition, we may consider the sale of certain assets. However, we may pursue acquisitions of products, drug candidates or other strategic transactions that involve large expenditures or we may experience growth more rapidly or on a larger scale than we expect, any of which could result in the depletion of capital resources more rapidly than anticipated and could require us to seek additional financing to support our operations.

We expect to use our current cash position and funds generated from our operations and any financing to pursue our business plan, which includes developing and commercializing drug candidates, compounded formulations and technologies, integrating and developing our operations, pursuing potential future strategic transactions as opportunities arise, including potential acquisitions of additional drug products, drug candidates, and/or assets or technologies, pharmacies, outsourcing facilities, drug company and manufacturers, and otherwise fund our operations and potential future milestone payments. We may also use our resources to conduct clinical trials or other studies in support of our formulations or any drug candidate for which we pursue FDA approval, to pursue additional development programs or to explore other development opportunities.

Net Cash Flow

The following provides detailed information about our net cash flows for the nine months ended September 30, 2025 and 2024:

	For the Nine Months Ended September 30,	
	2025	2024
Net cash provided by (used in):		
Operating activities	$ 35,453,000	$ (4,423,000)
Investing activities	(730,000)	4,396,000
Financing activities	(7,680,000)	(1,457,000)
Net change in cash and cash equivalents	27,043,000	(1,484,000)
Cash and cash equivalents at beginning of the period	47,247,000	74,085,000
Cash and cash equivalents at end of the period	$ 74,290,000	$ 72,601,000

Operating Activities

Net cash provided by (used in) operating activities during the nine months ended September 30, 2025 was $35,453,000 compared to $(4,423,000) during the same period in the prior year. The increase in net cash provided by operating activities between the periods was mainly attributed to a decrease of $38,225,000 in accounts receivable as a result of collections during the nine months ended September 30, 2025, compared to an increase in accounts receivable of $17,453,000 during the same period in 2024.

Investing Activities

Net cash provided by (used in) provided by investing activities during the nine months ended September 30, 2025 was $(730,000) compared to $4,396,000 during the same period in the prior year. Cash used in investing activities in 2025 was primarily related to equipment and software purchases. Cash provided by investing activities in 2024 was primarily related to the sale of our investment position in Eton.

Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2025 and 2024 was $(7,680,000) and $(1,457,000), respectively. Cash used in financing activities during the nine months ended September 30, 2025 was primarily due to repayment of debt and payment of payroll taxes upon vesting of stock

compensation mostly offset by proceeds from issuance of new debt. Cash used in financing activities in 2024, was primarily related to payment of payroll taxes upon vesting of PSUs in exchange for shares withheld from employees.

Sources of Capital

During the nine months ended September 30, 2025, our principal sources of cash came from proceeds from our operating activities. We expect future cash needs to be provided by operating activities, but our forecasts may not be accurate, and our plans may change. We may also sell some of our assets.

In September 2025, we completed the sale of the 2030 Notes in a private offering and received net proceeds of $242,794,000. We used the net proceeds from the 2030 Notes to prepay all outstanding borrowings under the Oaktree Loan, the 2027 Notes, and the 2026 Notes, and to pay certain exit costs related thereto. The remaining funds will be used for general corporate purposes, which may include funding future strategic business development opportunities and related investments. We also entered into the 5/3 Revolver with Fifth Third in September 2025, which provided the Company with a secured revolving credit facility of $40,000,000, with an additional $20,000,000 of uncommitted incremental revolving line of credit. We have not drawn down any amounts under the 5/3 Revolver.

We may acquire new products, product candidates and/or businesses and, as a result, we may need significant additional capital to support our business plan and fund our proposed business operations. We may also seek additional financing from a variety of sources, including other equity or debt financings, funding from corporate partnerships or licensing arrangements, sales of assets or any other financing transaction. If we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience substantial dilution, and the newly issued equity or debt securities may have more favorable terms or rights, preferences and privileges senior to those of our existing stockholders. If we raise additional funds through collaboration or licensing arrangements or sales of assets, we may be required to relinquish potentially valuable rights to our product candidates or proprietary technologies or formulations, or grant licenses on terms that are not favorable to us. If we raise funds by incurring additional debt, we may be required to pay significant interest expenses and our leverage relative to our earnings or to our equity capitalization may increase. Obtaining commercial loans, assuming they would be available, would increase our liabilities and future cash commitments and may impose restrictions on our activities, such as the financial and operating covenants. Further, we may incur substantial costs in pursuing future capital and/or financing transactions, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which would adversely impact our financial results.

We may be unable to obtain financing when necessary, as a result of, among other things, our performance, general economic conditions, conditions in the pharmaceuticals and pharmacy industries, or our operating history. In addition, the fact that we have a limited history of profitability could further impact the availability or cost to us of future financings. As a result, sufficient funds may not be available when needed from any source or, if available, such funds may not be available on terms that are acceptable to us. If we are unable to raise funds to satisfy our capital needs when needed, then we may need to forego pursuit of potentially valuable development or acquisition opportunities, we may not be able to continue to operate our business pursuant to our business plan, which would require us to modify our operations to reduce spending to a sustainable level by, among other things, delaying, scaling back or eliminating some or all of our ongoing or planned investments in corporate infrastructure, business development, sales and marketing and other activities, or we may be forced to discontinue our operations entirely.

Credit Ratings

As of September 8, 2025, Moody's Investors Service assigned a Long-Term Corporate Family Rating of B3 to Harrow, Inc. and affirmed a Stable outlook. As of October 9, 2025, Fitch Ratings assigned a Long-Term Issuer Default Rating of B- (Outlook Stable) to Harrow, Inc., and a rating of B to our senior unsecured notes due September 2030. Credit ratings are subject to revision or withdrawal at any time by the issuing agencies and should not be construed as a recommendation to purchase, hold or sell securities or as a guarantee of our future performance. To the best of our knowledge, there have been no further changes to these ratings as of the date of this filing. Any downgrade in our corporate or senior unsecured debt rating may increase our cost of borrowing and may negatively impact our ability to raise additional debt capital.

Recently Issued and Adopted Accounting Pronouncements

See Note 2 to our unaudited condensed consolidated financial statements included in this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to market risk related to changes in interest rates on our cash and cash equivalents. The 2030 Notes issued in September 2025 are at a fixed coupon of 8.625% and do not expose us to interest rate risk. We do not utilize derivative financial instruments or other market risk-sensitive instruments to manage our exposure to interest rate changes. Borrowings made through the 5/3 Revolver, which is based on the SOFR plus an interest rate spread, will be exposed to interest rate risk; however, we currently have no borrowings against it.

We believe our interest rate risk related to our cash and cash equivalents is not material as our risk is that interest rates fall. Based on the current interest rates, we do not have a significant downside risk of a drop in interest rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

Under the supervision and with the participation of our principal executive officer and principal financial officer, our management conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act, as they existed on September 30, 2025. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective to achieve their stated purpose as of September 2025, the end of the period covered by this Quarterly Report.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended

September 30, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

See Note 13 to our unaudited condensed consolidated financial statements included in this Quarterly Report for information on various legal proceedings, which is incorporated into this Item by reference.

Item 1A. Risk Factors

In addition to the other information contained in this Quarterly Report you should consider the risk factors and the other information in our Annual Report on Form 10-K for the year ended December 31, 2024, including our audited financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." If any such risks actually occur, our business, financial condition, results of operations and future growth prospects would likely be materially and adversely affected. In these circumstances, the market price of our common stock would likely decline and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Below we provide in supplemental form the material changes to our risk factors as previously disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2024. Our risk factors disclosed in the Annual Report on Form 10-K provide additional disclosure for these supplemental risks and are incorporated herein by reference.

Disruptions at the FDA, CMS, the SEC, and other government agencies resulting from the U.S. government shutdown and reported staffing reductions could adversely affect our operations, regulatory interactions, and access to capital.

A prolonged or repeated shutdown of the U.S. federal government, or other significant disruptions to the operations of federal agencies, could adversely affect our business, financial condition, and results of operations. The U.S. government shutdown that began on October 1, 2025 has caused many federal agencies to scale back operations and furlough portions of their workforce. Certain agencies that are important to our business, including the U.S. Department of Health and Human Services ("HHS") and its operating divisions such as the Centers for Medicare & Medicaid Services ("CMS") and the FDA, and the SEC, may experience resource constraints or temporary delays in certain activities as a result of the shutdown or related funding limitations. Any such disruptions could delay the FDA's review and processing of submissions, the CMS's issuance of reimbursement guidance, or the SEC's review of our filings, which could in turn affect our ability to develop, market, and sell our products or raise capital in a timely manner.

In addition, reports of staffing and budget reductions at HHS and its agencies earlier in 2025 have created further uncertainty regarding the federal government's capacity to carry out regulatory and policy functions. In March 2025, the Secretary of HHS announced a departmental reorganization and reduction-in-force initiative that included workforce adjustments at the FDA and other HHS components. Although the precise scope and timing of these changes remain uncertain, further reductions in agency staffing or funding could limit the government's ability to provide timely guidance, review regulatory submissions, or issue reimbursement decisions. Similarly, proposed future budget constraints for HHS could affect CMS's ability to update coverage and payment policies, which may influence healthcare providers' adoption of our products.

Significant changes to the operations, priorities, or funding of these agencies—whether resulting from shutdowns, staffing reductions, or shifting policy directives—could cause additional delays or disruptions. If the FDA, CMS, or other agencies are unable to maintain adequate staffing or operational continuity, it could result in increased regulatory uncertainty, slower review and approval timelines, or reimbursement decisions that negatively affect utilization of our products by healthcare providers.

In addition, continued or future government shutdowns or funding freezes could negatively affect broader economic conditions, including volatility in the capital markets and reduced liquidity, which could make it more difficult for us to access capital or maintain adequate financing for our operations. If these disruptions persist or worsen, our business, financial condition, results of operations, and ability to execute our strategic plans could be materially and adversely affected.

We sell our proprietary formulations primarily through pharmaceutical compounding facilities we own, and our results of operations may be negatively impacted if such facilities do not comply with regulatory requirements or lose their licenses.

We currently have two Imprimis compounding facilities in New Jersey. We have developed "ImprimisRx" as a uniform brand for our compounding pharmaceutical business. As we have in the past purchased and operated certain pharmaceutical compounding businesses and pharmacies and subsequently divested or sold those associated assets, we may pursue similar strategies in the future. Those things considered, we may experience difficulties implementing and/or executing on our compounding pharmacy strategy, including difficulties that arise as a result of our lack of experience, and we may be unsuccessful and our plans may change materially. For instance:

- we have experienced delays and increased costs in relation to expansion efforts;
- we may not be able to satisfy applicable federal licensing, state board of pharmacy licensing and other requirements for any of our pharmacy businesses in a timely manner or at all;
- changes to federal and state pharmacy regulations may restrict compounding operations or make them more costly;
- we may be unable to achieve or maintain a sufficient physician and patient customer base to sustain our pharmacy operations;
- market acceptance of compounding pharmacies generally may be curtailed or delayed; and
- We may not be able to enter into licensing or other arrangements with third-party pharmacies or outsourcing facilities when desired, on acceptable terms, or at all.

Our ImprimisRx subsidiary completed an in-person meeting with the FDA in October 2025 regarding its efforts to remediate certain deficiencies at its New Jersey site. At the FDA meeting, ImprimisRx presented, among other data, its safety record, which includes an adverse event (ADE) rate of approximately 2 per million units, which is meaningfully better than known ADE rates for FDA-approved products. FDA ultimately decided to allow ImprimisRx to continue with its remediation efforts on a voluntary basis. Additionally, Imprimis is currently subject to an administrative accusation by the California State Board of Pharmacy relating to certain alleged regulatory compliance matters. ImprimisRx is actively engaged in discussions with the California Board of Pharmacy regarding a resolution to the administrative action and the potential denial of ImprimisRx's 503B out-of-state outsourcing facility renewal application. Although the loss of the California

nonresident outsourcing facility pharmacy license would restrict sales and dispensing of our compounded products in that state and would reduce revenues from the affected state, we believe that, based on our current concentration of sales and geographic diversification, such loss would not be material to our consolidated statement of operations. Nevertheless, if additional states were to take similar actions, or if broader or longer-term restrictions were imposed, the cumulative effect could be material.

Moreover, all our efforts to expand pharmacy operations will involve significant costs and other resources, which we may not be able to afford and may disrupt our other operations and distract management and employees from the other aspects of our business. As a result, our business could materially suffer if we are unable to further develop a group of unified compounding facilities and, even if we are successful, we may be unable to generate sufficient revenue to recover our costs.

The federal government could pursue enforcement actions against us to the extent we are unable to demonstrate compliance with cGMPs and other required regulations, the effects of which could be costly to us and could result in adverse consequences to our business.

In August 2017, the FDA issued a MedWatch notification regarding a curcumin emulsion and two adverse events that had been associated with the use of these emulsions by prescribing physicians. We issued a press release on August 7, 2017, clarifying certain facts regarding the notice which outlined our belief that the adverse events associated with the two patients occurred due to an allergic reaction caused by the products being inappropriately administered and obtained by the prescribing physician, and our use of curcumin and excipients in our curcumin emulsion formulation met regulatory standards required for dispensing of the curcumin emulsion. In September 2017, the FDA released a letter confirming that the alleged misuse of certain ingredients in our curcumin emulsions was due to mislabeling by the underlying supplier and not of our own misdoing. We no longer compound curcumin emulsion products. Separately, in December 2017, we were issued a warning letter from the FDA alleging that, in its interpretation of our public communications, we had made false or misleading claims and omitted risk and side effect information regarding certain of our ophthalmology-focused compounded medications. We immediately performed a full review of our public communications referenced in the warning letter and responded to the FDA in January 2018; notwithstanding our continued belief that our public communications were not, in fact, false and misleading, we remained in communication with the FDA and took steps to address the items outlined in the FDA letter. The Company received another warning letter from the FDA in June 2022 related to our alleged marketing activities. We immediately responded to the warning letter and the FDA sent the Company notice in January 2023 that our corrective actions appear adequate. In June 2019, our New Jersey-based outsourcing facility ("NJOF") was issued a warning letter related to an April 2017 inspection and our use of certain active pharmaceutical ingredients in our compounded medications. During September 2020 through January 2021, our New Jersey based outsourcing facility was inspected by the FDA (the "2020 Inspection") and certain observations were made by the FDA in a Form 483. Five observations made during the 2020 Inspection were considered repeat observations from a 2017 FDA inspection. In addition, during the 2020 inspection, the FDA noted that we were compounding drugs for which there is no change that produces a clinical difference for an individual patient, as determined by a prescribing practitioner between a compounded drug and the comparable approved drug. We have responded to the FDA regarding all of their observations from the 2020 Inspection, including providing documentation from prescribing clinicians that indicate a clinical difference between our compounded drugs and the comparable approved drugs, while also committing to amend our order process to collect "medical necessity/clinical difference" information for each order of our compounded drugs on a go-forward basis. Our pharmacy was inspected in August 2022 and received a Form 483 with several observations from the FDA. In May 2023, our pharmacy received a warning letter related to the inspection that occurred in August 2022. The warning letter indicated that our corrective actions from the inspection had appeared to be adequate; however, the FDA could not fully evaluate the adequacy of our actions because we did not include sufficient information or supporting documentation. As an example, we stated that smoke studies related to airflow in our laminar airflow hoods had been redone to satisfy FDA requirements, however, we did not provide the FDA with supporting documentation (such as smoke study protocol, updated detailed report and/or videos). We have responded to this warning letter and provided the FDA with additional information requested. From March 2024 through April 2024, NJOF was inspected by the FDA (the "2024 Inspection"), and the FDA issued a Form 483 with five observations. Since January 2025, we engaged in separate but related discussions with the federal government regarding the NJOF quality system and the 2024 Inspection. NJOF voluntarily recalled certain products and provided regular updates to the FDA regarding its remediation activities and other commitments, including Project Beagle. The government has notified us that these discussions are now closed. Future regulatory actions could increase scrutiny and could create negative publicity on us as a company. As part of our commitment to actively work with regulators, at times, we have become aware of concerns related to certain formulations, and as a result, discontinued compounding certain drug formulations in an attempt to help mitigate potential regulatory risk. For other reasons, including, but not limited to, the following, physicians may be unwilling to prescribe or patients may be unwilling to use our compounded formulations: legal prohibitions on our ability to discuss the efficacy or safety of our formulations with potential users to the extent applicable data is available; our pharmacy operations are primarily operating on a cash-pay basis and reimbursement may or may not be available from third-party payors, including the government Medicare and Medicaid programs; and certain formulations are not required to be prepared and are not presently being prepared in a manufacturing facility governed by cGMP requirements. These factors and any future regulatory action could continue to limit our production, and our ability to dispense and distribute our compounded products, which would negatively affect sales of our compounded products.

Our sales depend on coverage and reimbursement from government and commercial third-party payers, and pricing and reimbursement pressures have affected, and are likely to continue to affect, our profitability.

Sales of our products depend on the availability and extent of coverage and reimbursement from third-party payers, including government healthcare programs and private insurance plans. Governments and private payers continue to pursue initiatives to manage drug utilization and contain costs. Further, pressures on healthcare budgets from the economic downturn and inflation continue and are likely to increase, across the markets we serve. Payers are increasingly focused on costs, which has resulted, and is expected to continue to result, in lower reimbursement rates for our products and/or narrower patient populations for which payers will reimburse. Continued intense public scrutiny of the price of drugs and other healthcare costs, together with payer dynamics, have limited, and are likely to continue to limit, our ability to set or adjust the price of our products based on their value, which can have a material adverse effect on our business. In the United States, particularly over the past few years, a number of legislative and regulatory proposals have been introduced and/or signed into law to lower drug prices. These include provisions in the Inflation Reduction Act that enable the U.S. government to set prices for certain drugs in Medicare, redesign Medicare Part D benefits to shift a greater proportion of the costs to manufacturers and health plans and enable the U.S. government to impose penalties if drug prices are increased at a rate faster than inflation. Additional proposals focused on drug pricing continue to be debated, and additional executive orders or regulatory initiatives focused on drug pricing and competition are likely to be adopted and implemented in some form. It is unclear what policies will advance with respect to other drug pricing proposals, including international reference pricing or changes to healthcare regulations affecting pharmaceuticals. Further, state government activity has been dynamic, including certain states enacting new laws limiting drug reimbursement under state run Medicaid programs and prohibiting restrictions on 340B Program use. Such state laws could also eventually be adopted at the federal level

We are unable to predict which or how many policy, regulatory, administrative or legislative changes may ultimately be, or effectively estimate the consequences to our business if, enacted and implemented. However, to the extent that payer actions further decrease or modify the coverage or reimbursement available for our products, require that we pay increased rebates or shift other costs to us, limit or affect our decisions regarding the pricing of or otherwise reduce the use of our products, such actions could have a material adverse effect on our business and results of operations.

Global economic conditions may negatively affect us and may magnify certain risks that affect our business.

Our operations and performance have been, and may continue to be, affected by global economic conditions. The economic downturn resulting from the COVID-19 pandemic precipitated a global recession, which was followed by high rates of inflation and actions taken by financial regulators to raise interest rates. Instability in the financial system, tighter lending standards and higher interest rates have added stress that may create additional vulnerabilities in the global economy, the effects of which may be of an extended duration. Additionally, with higher interest rates, deficits (including those associated with the pandemic), and other fiscal pressures, governments may be unable to sustain their previously high levels of fiscal spending. As a result of global economic conditions, some third-party payers may delay or be unable to satisfy their reimbursement obligations. Job losses or other economic hardships (including inflation) may also affect patients' ability to afford healthcare as a result of increased co-pay or deductible obligations, greater cost sensitivity to existing co-pay or deductible obligations, lost healthcare insurance coverage or for other reasons. We believe such conditions could lead to reduced demand for our products, which could have a material adverse effect on our product sales, business and results of operations. The cumulative effects of inflationary pressures, an uncertain trade environment with escalating and rapidly-changing tariffs, and the effects from the armed conflict in Ukraine (including the effects of the sanctions that were implemented in response to the conflict and the resulting impacts on the commodity market and supply chains) and the Middle East may also increase our operating expenses. Some of our operational costs, including the cost of energy, cost of goods, other materials, labor, distribution and our other operational costs are subject to market conditions and have been adversely affected by inflationary pressures. Although we monitor our distributors', customers' and suppliers' financial condition and their liquidity to mitigate our business risks, some of our distributors, customers and suppliers may become insolvent, which could have a material adverse effect on our product sales, business and results of operations.

Changes in U.S. trade policy—including the possible imposition of significant tariffs on pharmaceuticals and raw materials—could materially increase our costs, disrupt our supply chain, and impair our competitive position.

Recent public statements by U.S. policymakers contemplate phased tariff rates of up to 150% (or more) on imported finished drugs, active pharmaceutical ingredients ("APIs"), and key excipients. Although we manufacture a significant amount of our finished ophthalmic products in the United States, we rely on third-party suppliers, many of which source APIs, sterile bottles, dropper tips, and other critical components from non-U.S. jurisdictions. If one or more rounds of tariffs are enacted, we could experience:

- Higher input costs that we may be unable to pass through to customers under existing supply and reimbursement arrangements, compressing gross margins;
- Customs delays or shortages if overseas suppliers elect to redirect shipments to non-U.S. customers to avoid tariff exposure;
- Retaliatory measures by foreign governments that could hinder our ability to procure specialized equipment or to out-license our products abroad; and
- Working-capital pressure, as we may need to build additional safety stock or advance-pay duties before goods clear U.S. customs.

While we are evaluating mitigation strategies—including dual-sourcing, qualifying U.S. or free-trade-area suppliers, and tariff-engineering options—there can be no assurance that these actions will be successful or fully offset potential cost increases. Material tariff-related cost inflation or supply disruptions could adversely affect our financial condition, results of operations and cash flows.

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

Issuer Purchases of Equity Securities

During the three months ended September 30, 2025, the Company withheld shares of common stock to satisfy employee minimum statutory tax withholding obligations payable upon the vesting of restricted stock, as follows:

Period	Total Number of Shares Purchased (a)	Weighted Average Grant Date Fair Value	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (b)
July 1 – July 31	-	-	-	-
August 1 – August 31	-	-	-	-
September 1 – September 30	4,262	$ 39.46	-	-
Total	4,262	$ 39.46	-	-

(a) Represents shares withheld to satisfy the payment of tax obligations related to the vesting of restricted stock awards
(b) We had no publicly announced repurchase programs for shares of our common stock during the three months ended September 30, 2025.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

From time to time, certain of our executive officers and directors may enter into, amend or terminate written trading arrangements pursuant to Rule 10b5-1 of the Exchange Act or otherwise. During the nine months ended September 30, 2025, none of our directors or officers adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated September 24, 2025, by and among Harrow, Inc., Harrow Acquisition Sub, Inc., Melt Pharmaceuticals, Inc., and D. Brad Osborne, as stockholder representative ("Merger Agreement") (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Harrow, Inc. filed with the Securities and Exchange Commission on October 1, 2025).
3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of Harrow, Inc. filed with the Securities and Exchange Commission on September 29, 2023).
3.2	Amended and Restated Bylaws of Harrow, Inc., dated as of August 21, 2025 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of Harrow, Inc. filed with the Securities and Exchange Commission on August 25, 2025).
4.1	Indenture, dated September 12, 2025, by and among the Company, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of Harrow, Inc. filed with the Securities and Exchange Commission on September 12, 2025).
4.2	Form of 8.625% Senior Note due 2030 (included in Exhibit 4.1).
10.1*	Offer Letter Agreement, dated as of August 15, 2025, by and between the Company and Randall E. Pollard.
10.2	Purchase Agreement, dated September 8, 2025, by and among the Company, the guarantors named therein and BTIG, LLC, as representative of the several initial purchasers named therein (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Harrow, Inc. filed with the Securities and Exchange Commission on September 12, 2025).
10.3	Milestone Payment Agreement, dated September 24, 2025, by and between Harrow, Inc. and Melt Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Harrow, Inc. filed with the Securities and Exchange Commission on October 1, 2025).
10.4*	Commitment Letter, dated September 5, 2025, by and between the Company and Fifth Third Bank, National Association.
10.5*	Credit Agreement, dated as of September 26, 2025, by and among the Company, certain subsidiaries of the Company, as guarantors, the other lenders as may from time to time become parties thereunder, and Fifth Third Bank, National Association, as administrative agent for itself and the other lenders, the letter of credit issuer, the swing line lender, the sole lead arranger and the sole bookrunner.
31.1*	Certification of Mark L. Baum, principal executive officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.
31.2*	Certification of Andrew R. Boll, principal financial officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Mark L. Baum, principal executive officer, Andrew R. Boll, principal financial officer.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, has been formatted in Inline XBRL.

* Filed herewith.
** Furnished herewith.

SIGNATURES

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

Harrow, Inc.

Dated: November 10, 2025

By: */s/ Mark L. Baum*
Mark L. Baum

Chief Executive Officer and Director
(Principal Executive Officer)

By: */s/ Andrew R. Boll*
Andrew R. Boll
President and Chief Financial Officer (Principal Financial Officer)

By: */s/ Randall E. Pollard*
Randall E Pollard
Chief Accounting Officer (Principal Accounting Officer)