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

FORM 10-Q

(Mark One)
☐ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 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: **000-55136**

Skye Bioscience, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**45-0692882**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11250 El Camino Real, Suite 100, San Diego, CA 92130
(Address of principal executive offices) (Zip Code)

(858) 410-0266
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001	SKYE	Nasdaq Global Market

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

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

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

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

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

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

As of August 5, 2025, there were 30,988,420 shares of the registrant's common stock, $0.001 par value, issued and outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SKYE BIOSCIENCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2025 (Unaudited)	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 23,838,244	$ 68,415,741
Short-term investments	24,747,039	—
Prepaid expenses	1,263,812	201,962
Other current assets	733,423	2,209,544
Total current assets	50,582,518	70,827,247
Property and equipment, net	1,169,056	1,432,752
Operating lease right-of-use asset	355,427	449,864
Other assets	53,910	53,910
Total assets	$ 52,160,911	$ 72,763,773
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 3,222,510	$ 569,252
Accrued payroll liabilities	868,024	1,114,255
Other current liabilities	2,220,063	654,201
Estimate for accrued legal contingencies and related expenses	1,806,065	1,818,751
Operating lease liability, current portion	195,046	182,428
Total current liabilities	8,311,708	4,338,887
Non-current liabilities		
Operating lease liability, net of current portion	172,494	273,162
Total liabilities	8,484,202	4,612,049
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock, $0.001 par value; 200,000 shares authorized at June 30, 2025 and December 31, 2024;no shares issued and outstanding at June 30, 2025 and December 31, 2024	—	—
Common stock, $0.001 par value; 100,000,000 shares authorized at June 30, 2025 and December 31, 2024;30,988,108 and 30,974,559 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	30,988	30,975
Additional paid-in-capital	203,323,584	199,070,421
Accumulated deficit	(159,677,863)	(130,949,672)
Total stockholders' equity	43,676,709	68,151,724
Total liabilities and stockholders' equity	$ 52,160,911	$ 72,763,773

See accompanying notes to the unaudited condensed consolidated financial statements.

SKYE BIOSCIENCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Operating expenses				
Research and development	$ 14,337,753	$ 4,078,751	$ 21,535,010	$ 6,025,201
General and administrative	3,906,172	4,326,820	8,468,477	8,532,620
Total operating expenses	18,243,925	8,405,571	30,003,487	14,557,821
Operating loss	(18,243,925)	(8,405,571)	(30,003,487)	(14,557,821)
Other (income) expense				
Interest expense	—	450,052	—	886,988
Interest and other income, net	(533,090)	(961,237)	(1,191,333)	(1,388,791)
(Gain) from asset sales	(89,363)	—	(89,363)	(1,145,141)
Other expense	—	359	—	1,399
Total other (income) expense, net	(622,453)	(510,826)	(1,280,696)	(1,645,545)
Loss before income taxes	(17,621,472)	(7,894,745)	(28,722,791)	(12,912,276)
Provision for income taxes	3,400	8,071	5,400	10,071
Net loss	$ (17,624,872)	$ (7,902,816)	$ (28,728,191)	$ (12,922,347)
Loss per common share:				
Basic	$ (0.44)	$ (0.20)	$ (0.72)	$ (0.39)
Diluted	$ (0.44)	$ (0.20)	$ (0.72)	$ (0.39)
Weighted average shares of common stock outstanding used to compute loss per share:				
Basic	39,659,266	38,669,330	39,655,597	33,334,616
Diluted	39,659,266	38,669,330	39,655,597	33,334,616

See accompanying notes to the unaudited condensed consolidated financial statements.

SKYE BIOSCIENCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Six Months Ended June 30,	
	2025	**2024**
Cash flows from operating activities:		
Net Loss	$ (28,728,191)	$ (12,922,347)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	364,445	57,350
Stock-based compensation expense	4,235,018	4,306,653
Amortization of debt discount	—	487,527
Gain on sale of asset	(89,363)	(1,145,141)
Write-down of vendor deposits	—	246,000
Loss from disposal of assets	—	10,794
Changes in assets and liabilities:		
Prepaid expenses	(1,061,850)	(901,780)
Other current assets	1,476,121	(1,833,439)
Accounts payable	2,584,507	(76,292)
Accrued interest - related party	—	(1,369)
Accrued interest - legal contingency	—	150,146
Accrued payroll liabilities	(246,231)	(331,808)
Operating lease liability	(88,050)	(34,196)
Other current liabilities	1,621,927	186,243
Net cash used in operating activities	(19,931,667)	(11,801,659)
Cash flows from investing activities:		
Proceeds from the sale of assets, net of sales costs	89,363	1,145,141
Purchase of short-term investments	(24,747,039)	—
Purchase of property and equipment	(6,312)	(35,644)
Net cash (used in) provided by investing activities	(24,663,988)	1,109,497
Cash flows from financing activities:		
Purchase under employee stock purchase plan	18,158	—
Proceeds from the issuance of common stock and warrants, net of equity issuance costs of $ 0 and $ 6,434,447, respectively	—	83,556,563
Net cash provided by financing activities	18,158	83,556,563
Net (decrease) increase in cash, cash equivalents and restricted cash	(44,577,497)	72,864,401
Cash, cash equivalents and restricted cash, beginning of period	$ 68,415,741	$ 10,336,655
Cash, cash equivalents and restricted cash, end of period	$ 23,838,244	$ 83,201,056
Supplemental disclosures of cash-flow information:		
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalent	$ 23,838,244	$ 74,120,854
Restricted cash	—	9,080,202
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	$ 23,838,244	$ 83,201,056

See accompanying notes to the unaudited condensed consolidated financial statements.

SKYE BIOSCIENCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amounts			
Balance, January 1, 2025	**30,974,559**	**$ 30,975**	**$ 199,070,421**	**$ (130,949,672)**	**$ 68,151,724**
Stock-based compensation expense	—	—	2,201,909	—	2,201,909
Net loss for the three months ended March 31, 2025	—	—	—	(11,103,319)	(11,103,319)
Balance, March 31, 2025	**30,974,559**	**$ 30,975**	**$ 201,272,330**	**$ (142,052,991)**	**$ 59,250,314**
Stock-based compensation expense	3,750	4	2,033,105	—	2,033,109
Purchases under employee stock purchase plan	9,799	9	18,149	—	18,158
Net loss for three months ended June 30, 2025	—	—	—	(17,624,872)	(17,624,872)
Balance, June 30, 2025	**30,988,108**	**$ 30,988**	**$ 203,323,584**	**$ (159,677,863)**	**$ 43,676,709**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity/(Deficit)
	Shares	Amounts			
Balance, January 1, 2024	**12,349,243**	**$ 12,349**	**$ 102,238,382**	**$ (104,382,549)**	**$ (2,131,818)**
Stock-based compensation expense	—	—	2,478,179	—	2,478,179
Issuance of common stock and warrants, net of issuance costs of $6,434,447	15,713,664	15,714	83,540,849	—	83,556,563
Net loss for the three months ended March 31, 2024	—	—	—	(5,019,531)	(5,019,531)
Balance, March 31, 2024	**28,062,907**	**$ 28,063**	**$ 188,257,410**	**$ (109,402,080)**	**$ 78,883,393**
Stock-based compensation expense	5,000	5	1,828,469	—	1,828,474
Net loss for the three months ended June 30, 2024	—	—	—	(7,902,816)	(7,902,816)
Balance, June 30, 2024	**28,067,907**	**$ 28,068**	**$ 190,085,879**	**$ (117,304,896)**	**$ 72,809,051**

See accompanying notes to the unaudited condensed consolidated financial statements.

SKYE BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization, Basis of Presentation and Significant Accounting Policies

Nature of Operations

Skye Bioscience, Inc. (the "Company" or "Skye") was incorporated in Nevada on March 16, 2011. The Company is a clinical stage biotechnology company developing next-generation molecules that modulate G-protein-coupled receptors ("GPCRs") to treat obesity, overweight, and related conditions.

As of June 30, 2025, the Company has devoted substantially all its efforts to securing its product pipeline, carrying out research and development, preparing for and conducting clinical trials, building infrastructure and raising capital. The Company has not yet realized revenue from its planned principal operations and is a number of years away from potentially being able to do so.

Impact of Geopolitical and Macroeconomic Factors

It is possible that the Company may encounter supply chain issues related to global economic and political conditions such as a lack of production or laboratory resources, pandemics or cyberattacks that could cause business disruptions and clinical trial delays which will need to be managed in the future. There may also be significant uncertainty resulting from the impact of other geopolitical and macroeconomic factors, including global pandemics, tariffs, inflation, supply chain issues, fluctuating interest rates, future bank failures and increased geopolitical tensions between the U.S. and its international trade partners, including China.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Interim financial results are not necessarily indicative of results anticipated for the full year, or any future periods.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and the accompanying notes. Actual results could differ from those estimates

The unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q should be read in conjunction with the 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, from which the prior year balance sheet information herein was derived.

Certain reclassifications have been made to the amounts in prior periods to conform to the current period's presentation, including reclassifying discovery research and development expense amounts from external clinical development expenses into other research and development expenses, as described in Note 8, Segment Reporting. Such reclassifications did not have a material impact on the accompanying unaudited condensed consolidated financial statements.

During the six months ended June 30, 2025, there were no changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Pronouncements Implemented

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Improvements to Income Tax Disclosures. This ASU requires greater disaggregation of information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. This ASU applies to all entities subject to income taxes and is intended to help investors better understand an entity's exposure to potential changes in jurisdictional tax legislation and assess income tax information that affects cash flow forecasts and capital allocation decisions. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted. This ASU should be applied on a prospective basis although retrospective application is permitted. The Company adopted this ASU as of January 1, 2025. The company is evaluating the impact this ASU will have on its upcoming annual filing on the Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires additional disclosure of the nature of expenses included in the income statement. The standard requires disclosures about specific types of expenses included in the expense captions presented in the income statement as well as disclosures about selling expenses. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The requirements should be applied on a prospective basis while retrospective application is permitted. The Company is currently evaluating the impact the adoption of this ASU will have on its consolidated financial statements and related disclosures.

2. Fair Value Measurement

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis by level within the fair value hierarchy:

	Fair Value Measurement as of June 30, 2025	
	Valuation Hierarchy	**Total**
Assets:		
Money Market Funds (included in cash and cash equivalents)	Level 1	$ 19,527,439
U.S. Treasury Obligations (included in short-term investments)	Level 1	24,747,039
Total cash equivalents and marketable securities		**$ 44,274,478**

3. Prepaid Expenses, Other Current Assets and Liabilities

Prepaid expenses consist of the following:

	June 30, 2025	December 31, 2024
Prepaid clinical expenses	$ 710,253	$ 13,078
Prepaid insurance	237,888	60,007
Total other prepaid expenses	315,671	128,876
	$ 1,263,812	**$ 201,962**

Other current assets consist of the following:

	June 30, 2025	December 31, 2024
Vendor deposits	565,831	1,997,274
Other tax receivables	13,482	13,216
Other current assets	154,110	199,054
	$ 733,423	**$ 2,209,544**

Other current liabilities consist of the following:

	June 30, 2025	December 31, 2024
Research and development costs	$ 1,858,242	$ 325,415
Legal expenses	93,539	114,359
Consulting and professional fees	133,248	109,375
Other accrued liabilities	135,034	105,052
	$ 2,220,063	**$ 654,201**

4. Warrants

There are significant judgements and estimates inherent in the determination of the fair value of the Company's warrants. These judgements and estimates include assumptions regarding the Company's future operating performance and the determination of the appropriate valuation methods.

Warrants vested and outstanding as of June 30, 2025, are summarized as follows:

Source	Exercise Price	Weighted Average Remaining Contractual Term (Years)	Number of Warrants Outstanding
2016 Common Stock Warrants to Service Providers	287.50	1.33	160
2020 Common Stock Warrants to Placement Agent	20.00	0.08	32,668
2021 Inducement Warrants	37.50	1.07	84,667
2021 Inducement Warrants to Placement Agent	47.00	1.07	5,927
2021 Common Stock Warrants	22.50	1.24	311,113
2021 Common Stock Warrants to Placement Agent	27.50	1.24	21,778
August 2023 Convertible Note Common Stock Warrants	5.16	8.13	340,000
August 2023 PIPE Financing Common Stock Warrants	5.16	8.13	2,325,537
January 2024 Pre-Funded Warrants Common Stock	0.001	Indefinite	8,677,166
Total warrants outstanding as of June 30, 2025			**11,799,016**

As of June 30, 2025, all of the Company's warrants are fully vested

5. Stock-Based Compensation

Stock Incentive Plan

On October 31, 2014, the Board of Directors of the Company (the "Board") approved the Company's 2014 Omnibus Incentive Plan (the "2014 Omnibus Incentive Plan"). On June 14, 2022, the Board approved the 2014 Amended and Restated Omnibus Incentive Plan (the "2014 Amended and Restated Plan") which replaced the 2014 Omnibus Incentive Plan in its entirety.

On September 29, 2023, the Board and holders of a majority of the voting power of the outstanding capital stock of the Company adopted and approved Amendment No. 1 to the 2014 Amended and Restated Plan. Amendment No. 1 to the 2014 Amended and Restated Plan became effective on November 6, 2023.

On October 22, 2024, the second amendment and restatement of the Company's 2014 Amended and Restated Plan was approved to increase the number of shares of the Company's common stock issuable to 4,000,000, extend the expiration date of the plan to September 10, 2034, update the name of the plan to the "Skye Bioscience, Inc. Amended and Restated Omnibus Incentive Plan" and make certain administrative amendments (as so amended and restated, the "Amended and Restated Plan").

As of June 30, 2025, the Company had 324,615 shares available for future grant under the Amended and Restated Plan.

2024 Inducement Equity Incentive Plan

On July 2, 2024, the Board adopted the Skye Bioscience, Inc. 2024 Inducement Equity Incentive Plan (the "Inducement Plan"). The Company has reserved 600,000 shares of the Company's common stock for issuance pursuant to awards granted under the Inducement Plan. As of June 30, 2025, the Company had 142,500 shares available for future grant under the Inducement Plan.

Stock Options

The following is a summary of option activity under the Company's Amended and Restated Plan and the Inducement Plan, for the six months ended June 30, 2025:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value*
Outstanding, December 31, 2024	**3,036,603**	**$ 7.72**	**8.91**	**$ 22,624**
Granted	1,537,200	2.97		
Cancelled	(6,041)	4.27		
Forfeited	(44,000)	18.20		
Outstanding, June 30, 2025	**4,523,762**	**$ 6.12**	**8.86**	**$ 2,077,424**
Exercisable, June 30, 2025	**1,352,313**	**$ 8.39**	**7.65**	**$ 339,360**

**The aggregate intrinsic value is the sum of the amounts by which the quoted market price of the Company's stock exceeded the exercise price of the stock options at June 30, 2025 for those stock options for which the quoted market price was in excess of the exercise price ("in-the-money options").*

The weighted-average grant-date fair value of stock options granted during the six months ended June 30, 2025, was $2.17.

The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option-pricing model under the following assumptions:

	Six Months Ended June 30,	
	2025	**2024**
Dividend yield	0.00%	0.00%
Volatility	83.86 - 85.93%	99.58 - 99.96%
Risk-free interest rate	3.93- 4.27%	4.26 - 4.48%
Expected term (years)	5.27- 6.08	5.27 - 6.08

Restricted Stock Units

The following is a summary of restricted stock unit ("RSU") activity during the six months ended June 30, 2025:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested, December 31, 2024	**503,113**	**$ 9.62**
Vested	(3,750)	7.56
Unvested, June 30, 2025	**499,363**	**$ 9.63**

2022 Employee Stock Purchase Plan

In June 2022, the Board approved the 2022 Employee Stock Purchase Plan (the "ESPP"), under which the Company may offer eligible employees the option to purchase common stock at a 15% discount to the lower of the market value of the stock at the beginning or end of each participation period under the terms of the ESPP. Total individual purchases in any year are limited to

15% of compensation. The ESPP was approved by the Company's stockholders on September 30, 2022. As of June 30, 2025, 9,799 shares were issued under the ESPP.

Stock-Based Compensation Expense

The Company recognizes stock-based compensation expense using the straight-line method over the requisite service period or derived service period.The Company recognized stock-based compensation expense for the stock options, ESPP, and the RSUs discussed above, in its unaudited condensed consolidated statements of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Research and development	$ 519,018	$ 303,081	$ 1,008,606	$ 695,719
General and administrative	1,514,091	1,525,388	3,226,412	3,610,934
	$ 2,033,109	**$ 1,828,469**	**$ 4,235,018**	**$ 4,306,653**

The total amount of unrecognized compensation cost was $13,710,239 as of June 30, 2025. This amount will be recognized over a weighted average period of 2.71 years.

6. Loss Per Share of Common Stock

The following tables are a reconciliation of the numerators and denominators used in the calculation of basic and diluted net loss per share computations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Basic EPS and diluted EPS:				
Loss (Numerator)				
Net loss	$ (17,624,872)	$ (7,902,816)	$ (28,728,191)	$ (12,922,347)
Shares (Denominator)				
Weighted average common shares outstanding	39,659,266	38,669,330	39,655,597	33,334,616
Per-Share Amount	**$ (0.44)**	**$ (0.20)**	**$ (0.72)**	**$ (0.39)**

The following outstanding shares of common stock equivalents were excluded from the computation of diluted net loss per share of common stock for the periods presented because including them would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Stock options	4,523,762	1,190,599	4,523,762	1,190,599
Warrants	3,121,850	3,272,940	3,121,850	3,272,940
Unvested restricted stock units	499,363	503,446	499,363	503,446
Convertible debt	—	968,973	—	968,973

7. Contingencies

General Litigation and Disputes

From time to time, in the normal course of operations, the Company may be a party to litigation and other dispute matters and claims. Litigation can be expensive and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. An unfavorable outcome to any legal matter, if material, could have a materially adverse effect on the Company’s operations or financial position, liquidity or results of operations.

Wendy Cunning vs Skye Bioscience, Inc.

The Company is a party to a legal proceeding with a former employee alleging, among other things, wrongful termination, violation of whistleblower protections under the Sarbanes-Oxley Act of 2002, and retaliation under California law against the Company relating to certain actions and events that occurred with the Company's former management during the employee's employment term from March 2018 to July 2019. The complaint seeks unspecified economic and non-economic losses, as well as attorneys' fees. The case, entitled *Wendy Cunning vs Skye Bioscience, Inc.*, was filed in U.S. District Court (the "District Court") for the Central District of California (the "Cunning Lawsuit"). On January 18, 2023, a jury rendered a verdict in favor of the plaintiff and awarded her $512,500 in economic damages (e.g., lost earnings, future earnings and interest), $840,960 in non-economic damages (e.g., emotional distress) and $3,500,000 in punitive damages. On August 2, 2023, the District Court ruled on the plaintiff's motion for attorney fees and awarded the plaintiff $1,200,008. Based on this order, the Company reduced the aggregate estimate for the legal contingency by $151,842, the difference between the attorney fees awarded by the District Court and the Company's previous estimate. On August 17, 2023, the Company obtained a stay on enforcement of the judgment in the Cunning Lawsuit by posting an appeal bond in the amount of $9,080,202.

In March of 2023, the Company appealed the judgment in the Cunning Lawsuit to the United States Court of Appeals for the Ninth District (the "Ninth Circuit"). On October 22, 2024, the Ninth Circuit issued its decision in the Company's favor which vacated the judgment and remanded the case back to the District Court for a new trial. As a result, the Company recovered the $9,080,202 restriction on its cash related to the bond during the year ended December 31, 2024. The new trial is currently scheduled to be held in September 2025.

During the year ended December 31, 2024, management revised its assumptions related to its estimate of the legal contingency and the Company reversed the accrued interest on the original judgment and recognized a gain of $4,234,717 in change in estimate for legal contingencies. As of June 30, 2025, the estimated legal contingency, including accrued legal expenses, is $1,806,065.

In arriving at the conclusion that a significant portion of the estimated legal contingency should be reversed, the Company considered the following in revising its assumptions:

- advice from external advisors including its technical accounting advisors regarding the appropriate application of GAAP and legal counsel's advice with regard to prior experience with similar cases,
- the damages and potential attorney fee awards if the case were to be retried, including the likelihood of a subsequent loss if the Company were to be unsuccessful, while giving consideration to the facts and circumstances that would be inadmissible due to the Ninth Circuit's decision,
- the likelihood of settlement and information obtained during settlement discussions prior to the first trial,
- the Company's possible defenses and counterclaims, and
- the case history and the amount of the prior judgment.

The final amount of the loss and loss recoveries remain uncertain. The ultimate amount of the potential loss may be significantly less than the amount of the revised legal contingency and there is no guarantee that the Company will be successful in its efforts to recover additional losses. The Company believes that it is at least reasonably possible that the estimated amount of the potential loss may change in the near term.

8. Segment Reporting

The Company operates in one business segment, which includes the business of research and development activities related to developing medicine for obesity and other metabolic diseases. The determination of a single business segment is consistent with the consolidated financial information regularly provided to the Company's chief operating decision maker ("CODM"). The Company's CODM is its Chief Executive Officer, who reviews and evaluates consolidated net loss for purposes of assessing performance, making operating decisions, allocating resources, and planning and forecasting for future periods.

In addition to the significant expense categories included within consolidated net loss presented on the Company's Consolidated Statements of Operations, see below for disaggregated amounts that comprise research and development expenses which are presented to the Company's CODM for review:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
External clinical development expenses [1]				
SBI-100	$ —	$ 1,113,457	$ 2,241	$ 2,007,817
nimacimab	11,720,218	1,649,326	16,638,640	1,805,093
Total External clinical development expenses	11,720,218	2,762,783	16,640,881	3,812,910
Personnel related and stock-based compensation	1,408,024	844,863	2,745,773	1,656,652
Other research and development expenses [2]	1,209,511	471,105	2,148,356	555,639
Total research and development expenses	**$ 14,337,753**	**$ 4,078,751**	**$21,535,010**	**$6,025,201**

(1) External clinical development expenses include expenses for clinical trial costs and clinical manufacturing.
(2) Other research and development expenses include expenses for travel and entertainment, consulting and advisory, discovery research and development, and general business expenses.

The net book value of property and equipment in the US was equal to$72,597 and $83,276 for June 30, 2025, and December 31, 2024, respectively. The net book value of property and equipment outside of the US was equal to $1,096,459, and $1,349,476 for June 30, 2025, and December 31, 2024, respectively.

9. Subsequent Events

Subsequent to June 30, 2025, the Company granted an aggregate of 160,000 options to purchase common stock to its employees under the Amended and Restated Omnibus Equity Incentive Plan.

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

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements (unaudited) for the three and six months ended June 30, 2025 and 2024, together with the notes thereto and the consolidated financial statements and the related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the Securities and Exchange Commission (SEC) on March 20, 2025.

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1943, as amended (the "Exchange Act") that involve substantial risks and uncertainties. The words "expect," "anticipate," "intend," "plan," "believe," "estimate," "may," "will," "should," "could," "target," "strategy," "intend," "project," "guidance," "likely," "usually," "potential," or the negative of these words or variations of such words, similar expressions, or comparable terminology are intended to identify such forward-looking statements, although not all forward-looking statements contain these identifying words. There are a number of important risks and uncertainties that could cause our actual results to differ materially from those indicated by forward-looking statements. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. A further list and description of risks, uncertainties and other factors that could cause actual results or events to differ materially from the forward-looking statements that we make is included in the cautionary statements herein and in our other filings with the SEC, including those set forth under Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2024. Our forward-looking statements do not reflect the potential impact of any future acquisitions,
mergers, dispositions, joint ventures or investments that we may make.

We have based the forward-looking statements included in this Quarterly Report on Form 10-Q on information available to us on the date of this quarterly report, and we assume no obligation to update any such forward-looking statements, other than as required by law. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we, in the future, may file with the SEC, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Solely for convenience, certain trademark and service marks (the "marks") referred to in this Quarterly Report on Form 10-Q appear without the ® or ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these marks.

Unless otherwise provided in this Quarterly Report on Form 10-Q, references to "we," "us," "our" and "Skye" in this discussion and analysis refer to Skye Bioscience, Inc., a Nevada corporation, together with its consolidated subsidiaries.

Overview

We are a clinical stage biotechnology company developing next-generation molecules that modulate G-protein-coupled receptors ("GPCRs") to treat obesity, overweight, and related conditions. Our lead candidate, nimacimab, is a peripherally restricted negative allosteric modulating antibody targeting the CB1 receptor—a key GPCR involved in metabolic regulation.

We are conducting CBeyond™, a Phase 2a proof-of-concept clinical trial of nimacimab administered as a subcutaneous injectable for the treatment of obesity and overweight in the United States. The CBeyond study is also assessing the combination of nimacimab and a GLP-1 receptor agonist. We anticipate providing a top-line readout from the CBeyond study late in the third quarter or early in the fourth quarter of 2025.

To obtain 52 weeks of treatment data, we are enrolling a Phase 2a trial extension that increases the originally planned 26 weeks of treatment in the CBeyond study to provide a longer-term assessment of safety, tolerability and efficacy. The protocol extension provides for continued assessment of nimacimab as a monotherapy and in combination with a GLP-1 receptor agonist.

The Data Safety Monitoring Committee for the CBeyond study has completed four regularly scheduled reviews and has recommended that the CBeyond study continue in accordance with the study protocol.

We recently shared new data from a preclinical diet induced obesity (DIO) mouse model which provides further evidence for the potential combination of nimacimab with incretins and demonstrated the potential durability of response with nimacimab as a monotherapy or maintenance therapy post-incretin treatment. The preclinical DIO study demonstrated that at day 25 the combination of nimacimab and a suboptimal tirzepatide dose (3nmol/kg daily) yielded 44% vehicle-adjusted weight loss

(29.6% weight loss with an average of 30g mice). The combination outperformed either agent alone with nimacimab demonstrating 21.5% vehicle-adjusted weight loss (7.1% weight loss with an average of 40g mice) and the suboptimal tirzepatide dose demonstrating 29.7% vehicle-adjusted weight loss (15.4% weight loss with an average of 36g mice). The combination efficacy also exceeded an optimal dose of tirzepatide (10 nmol/kg), which resulted in 38.9% vehicle-adjusted weight loss (24.6% weight loss with 32g mice). The preclinical DIO study also demonstrated that, when used as a monotherapy, nimacimab-driven weight loss persisted for about 20 days after treatment cessation, while mice treated with tirzepatide alone regained most of their lost weight within a week post-treatment. Lastly, the preclinical DIO study demonstrated that when nimacimab alone was used after an initial tirzepatide or combination treatment in the preclinical DIO mouse model, it reduced rebound weight gain in these groups of mice.

We were incorporated under the laws of the State of Nevada on March 16, 2011, and our headquarters are based in San Diego, CA. We also maintain administrative office space in San Francisco, CA. Since our incorporation, we have devoted substantially all of our efforts to building our product portfolio through the acquisition of clinical assets and licensing agreements, carrying out research and development, building infrastructure and raising capital.

Financial Overview

Revenues

To date, we have not generated any revenue. We do not expect to receive any revenue from our drug candidate, nimacimab, or any future drug candidates that we develop unless and until we obtain regulatory approval for, and commercialize, nimacimab or future drug candidates or generate revenue from collaborative agreements with third parties.

Research and Development Expenses

During the three and six months ended June 30, 2025, we incurred $14,337,753 and $21,535,010 in research and development expenses primarily related to our Phase 2a clinical trial of nimacimab for obesity and the manufacturing costs associated with future trials. During the three and six months ended June 30, 2024, we incurred $4,078,751 and $6,025,201 in research and development expense primarily related to our efforts in conducting our Phase 2a clinical trial for SBI-100 OE and costs related to our Phase 2a clinical trial for nimacimab for obesity.

We expect that our ongoing research and development expenses will consist of costs incurred for the development of our drug candidate, nimacimab, or any future drug candidates, including but not limited to:

- employee-related expenses, which include salaries, benefits and stock-based compensation;
- payments to third party contract research organizations and investigative sites;
- payments to third party manufacturing organizations and consultants; and
- payments to third parties related to our discovery research and development efforts to build our pipeline.

We expect to incur future research and development expenditures to support our preclinical, nonclinical, and clinical studies. Preclinical and nonclinical activities include early discovery efforts with novel molecules, laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies to assess safety and efficacy.

The process of conducting the necessary clinical research to obtain regulatory approval is costly and time consuming and the successful development of our drug candidate, nimacimab, and any future drug candidate is highly uncertain. Our future research and development expenses will depend on the clinical success of nimacimab and any future drug candidates as well as ongoing assessments of the commercial potential of such drug candidates. In addition, we cannot forecast with any degree of certainty whether nimacimab or any future drug candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements. We expect to incur increased research and development expenses in the future as we continue our efforts towards advancing our lead program for nimacimab.

General and Administrative Expenses

Our general and administrative expenses have fluctuated year-over-year as we have entered into various strategic acquisitions to restructure and reposition our company. Additionally, as a business in the early stages of drug development we are in the process of scaling our operations by hiring additional employees and building the infrastructure necessary to increase efficiencies. These initiatives have resulted in additional costs related to the implementation of certain systems, insurance, facilities, legal, tax and accounting costs. As a public company, we expect to incur additional expenses related to insurance, investor relations activities, legal and other administration and professional services to comply with the rules and regulations of the SEC, the Financial Industry Regulatory Authority ("FINRA") and Nasdaq. Other significant costs are expected to include

legal fees relating to patent and corporate matters, business development costs and fees for consulting services. To incentivize our employees and be competitive to retain strong talent we issued additional equity awards in 2025 and 2024, which have resulted in increased stock-based compensation expense. We also expect that certain general and administrative expenses which are commensurate with headcount, will continue to increase in the future in order to support our expected increase in research and development activities, including increased salaries, technology, facilities and other related costs.

Estimate for Legal Contingencies and Related Expenses

The estimate for legal contingencies and related expenses relates to a litigation matter that related to a former employee of the Company. As of December 31, 2023, we had posted an appellate bond that was collateralized by an irrevocable letter of credit equal to, $9,080,202, approximately 150% of the liability recorded on our balance sheet. As of December 31, 2024, we were successful in our appeal of the judgement in the Ninth Circuit Court of Appeals and the case was remanded back to the District Court for a new trial, as a result of which we reduced the estimated legal contingency based on new key assumptions. The final amount of the loss and loss recoveries remains uncertain. We believe that it is at least reasonably possible that the estimated amount of the potential loss may change in the near term. As of June 30, 2025, the estimated legal contingency, including accrued legal expenses, is $1,806,065.

Other (Income) Expense

Other expense primarily includes a gain from the sale of the Avalite Sciences, Inc. ("AVI") building (the "AVI building") in the first quarter of 2024, and interest expense. These expenses are offset by interest income earned on our cash balances and investments.

Critical Accounting Estimates

There have been no material changes in our Critical Accounting Estimates from the information provided in the "Critical Accounting Estimates" section of "Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year endedDecember 31, 2024, except, for the addition of our critical accounting estimate related to the estimate for accrued legal contingencies and related expenses and loss recoveries.

Recently Issued and Adopted Accounting Pronouncements

See Note 1 to the accompanying unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for information on recently issued accounting pronouncements and recently adopted accounting pronouncements. While we expect certain recently adopted accounting pronouncements to impact our disclosures in future periods, the impact upon adoption was not significant to our current estimates and operations.

Results of Operations

For the three months ended June 30, 2025 and 2024

Research and Development Expenses

Below is a summary of our research and development expenses during the three months ended June 30, 2025 and for the same period in 2024:

	Three Months Ended June 30,			
	2025	2024	$ Change 2025 vs. 2024	% Change 2025 vs. 2024
Research and development expenses	$ 14,337,753	$ 4,078,751	$ 10,259,002	252 %

Research and development expenses for the three months ended June 30, 2025, increased by$10,259,002 as compared to the same period in2024. The net increase in research and development expenses was primarily due to:

- Clinical trial costs increased by $2,358,832 due to increased site and patient costs related to our Nimacimab Phase 2a clinical study, offset by a decrease in costs to complete our glaucoma study.
- Contract manufacturing costs increased by $6,617,742 from drug substance, product, labeling and packaging costs related to resupplying our extended Phase 2a study for nimacimab, manufacturing in anticipation for our Phase 2b clinical study for nimacimab, and process intensification and dose optimization work.
- Discovery research and development increased $721,676 from increased work to interrogate nimacimab's mechanism of action and for life cycle management.

- Salaries and stock-based compensation increased by $563,161 due to increased headcount.
- General business expenses decreased by $263,555 due to the non-recurrence of fees associated with eliminating our glaucoma program.
- Consulting costs increased by $142,092 to support our nimacimab program.
- Depreciation expense on equipment increased by $94,809 due to the depreciation of manufacturing equipment.

General and Administrative Expenses

Below is a summary of our general and administrative expenses during the three months ended June 30, 2025, and for the same period in 2024:

	Three Months Ended June 30,			
	2025	2024	$ Change 2025 vs. 2024	% Change 2025 vs. 2024
General and administrative expenses	$ 3,906,172	$ 4,326,820	$ (420,648)	(10) %

General and administrative expenses for the three months ended June 30, 2025, decreased by $420,648 as compared to the same period in 2024. The decrease in general and administrative expenses was primarily due to:

- Salaries, benefits and other direct employee related costs increased by $289,007 primarily due to higher headcount.
- Consulting and advisory fees increased by $276,812 from the use of finance consultants and board member compensation.
- Investor relations, marketing and communications expenses increased by $191,519 primarily due to to a market evaluation study for nimacimab and increased investor outreach activities.
- General business expenses decreased by $371,633 primarily due to the one time cost of uplisting to Nasdaq in the prior period.
- Legal and professional fees decreased by $854,783 due to decreases in litigation, one-time fees related to filings with the SEC in the prior period, and decreases in external legal costs and decreased financial advisory services.

Other (Income) Expense

Below is a summary of our other (income) expense for the three months ended June 30, 2025 and for the same period in 2024:

	Three Months Ended June 30,			
	2025	2024	$ Change 2025 vs. 2024	% Change 2025 vs. 2024
Interest expense	$ —	$ 450,052	$ (450,052)	(100) %
Interest and other income, net	(533,090)	(961,237)	428,147	(45) %
(Gain) loss from asset sale	(89,363)	—	(89,363)	(100) %
Other (income) expense	—	359	(359)	(100) %
Total other (income) expense	**$ (622,453)**	**$ (510,826)**	**$ (111,627)**	**22 %**

For the three months ended June 30, 2025, we had an increase of other (income) expense of $111,627 as compared to the same period in 2024 primarily due to:

- Increased gain from the sale of asset of $89,363 during the period ended June 30, 2025 from the collection of amounts due from the sale of real estate.
- Decreased interest expense of $450,052 due to the reduction of debt.
- Decreases in interest income and other income of $428,147 due to decreased interest from our cash equivalents and short-term investments yields as a result of the decrease in cash equivalents and short-term investments on hand.

For the six months ended June 30, 2025 and 2024

Research and Development Expenses

Below is a summary of our research and development expenses during the six months ended June 30, 2025 and for the same period in 2024:

	Six Months Ended June 30,			
	2025	2024	$ Change 2025 vs. 2024	% Change 2025 vs. 2024
Research and development expenses	$ 21,535,010	$ 6,025,201	$ 15,509,809	257 %

Research and development expenses for the six months ended June 30, 2025, increased by $15,509,809 as compared to the same period in 2024. The net increase in research and development expenses was primarily due to:

- Clinical trial costs increased by $3,625,342 due to increased site and patient costs related to our extended Nimacimab Phase 2a clinical study, offset by a decrease in costs to complete our glaucoma study.
- Contract manufacturing costs increased by $9,149,873 from drug substance, product, labeling and packaging costs related to resupplying our extended Phase 2a clinical study of nimacimab, manufacturing in anticipation for our Phase 2b clinical study for nimacimab, and process intensification and dose optimization work.
- Discovery research and development increased $1,344,695 from increased work to interrogate nimacimab's mechanism of action, potency and for life cycle management.
- Salaries, benefits and stock-based compensation increased by $1,089,121 due to increased headcount.
- Consulting costs increased by $292,071 to support our nimacimab program.
- General business expenses decreased by $262,745 due to the non-recurrence of fees associated with eliminating our glaucoma program.
- Depreciation expense on equipment increased by $189,844 due to the depreciation of manufacturing equipment.
- Travel and entertainment expenses increased by $61,417.

General and Administrative Expenses

Below is a summary of our general and administrative expenses during the six months ended June 30, 2025, and for the same period in 2024:

	Six Months Ended June 30,			
	2025	2024	$ Change 2025 vs. 2024	% Change 2025 vs. 2024
General and administrative expenses	$ 8,468,477	$ 8,532,620	$ (64,143)	(1) %

General and administrative expenses for the six months ended June 30, 2025, decreased by $64,143 as compared to the same period in 2024. The decrease in general and administrative expenses was primarily due to:

- Salaries, benefits and other direct employee related costs increased by $152,870 primarily due to higher headcount.
- Travel and entertainment expenses increased by $81,760.
- Consulting and advisory fees increased by $378,083 from the use of finance consultants, and fees associated with the Company's annual general meeting of stockholders.
- Human resources related expenses increased by $52,764 due to increased hiring activity.
- Investor relations, marketing and communications expenses increased by $565,089 due to primarily to a market evaluation study for nimacimab and increased investor communications activities.
- General business expenses decreased by $358,592 due to the one time cost of uplisting to Nasdaq in the prior period and one-time fees related to SEC filings in the prior period offset by increased software costs.
- Legal and professional fees decreased by $862,862 due to decreases in litigation, one-time fees related to SEC filings in the prior period, decreases in external legal costs and decreased financial advisory services.

Other (Income) Expense

Below is a summary of our other (income) expense for the six months ended June 30, 2025 and for the same period in 2024:

	Six Months Ended June 30,			
	2025	2024	$ Change 2025 vs. 2024	% Change 2025 vs. 2024
Interest expense	$ —	$ 886,988	(886,988)	(100) %
Interest and other income, net	(1,191,333)	(1,388,791)	197,458	(14) %
(Gain) loss from asset sale	(89,363)	(1,145,141)	1,055,778	(92) %
Other (income) expense	—	1,399	(1,399)	(100) %
Total other (income) expense	**$ (1,280,696)**	**$ (1,645,545)**	**$ 364,849**	**(22)%**

For the six months ended June 30, 2025, we had a reduction of other (income) expense of $364,849 as compared to the same period in 2024 primarily due to:

- Gain on sale of asset decreased by $1,055,645, due to the one-time sale of real estate.
- Decreased interest expense of $886,988 due to the reduction of debt.
- Decreased interest income and other income of $197,458 due to the decreased interest from our cash equivalents and short-term investments yields as a result of the decrease in cash equivalents and short-term investments on hand.

Liquidity and Capital Resources

Liquidity

We have incurred operating losses and negative cash flows from operations since our inception, and as of June 30, 2025, we had working capital of $42,270,810, an accumulated deficit of $159,677,863, and stockholders' equity of $43,676,709. We had unrestricted cash and cash equivalents and short-term investments in the amount of $48,585,283 as of June 30, 2025, as compared to $68,415,741 as of December 31, 2024. For the six months ended June 30, 2025 and 2024, the Company incurred losses from operations of $30,003,487 and $14,557,821, respectively. For the six months ended June 30, 2025 and 2024, the Company incurred net losses of $28,728,191 and $12,922,347, respectively.

In January and March 2024, we completed two private placement equity transactions (the "January and March PIPE Financings") with institutional accredited investors in which we raised combined net aggregate proceeds of $83,556,563. We expect that the net proceeds raised from the January and March PIPE Financings, will continue to allow us to fund our clinical trial of nimacimab for obesity through top-line Phase 2a data and the extension study, work on formulation development activities, manufacture drug substance to commence and plan for our Phase 2b dose ranging study of nimacimab for obesity and provide us with the ability to expand upon our metabolic program with our other research and development efforts. We expect that the top-line data for our Phase 2a study will inform the size and magnitude of the Phase 2b dose ranging study, including the capital necessary to move forward. Accordingly, we may need to seek additional funds sooner than planned, including through public or private equity or debt financings, other sources, or through strategic collaborations.

In May 2024 we entered into an Equity Distribution Agreement (the "ATM Agreement") with Piper Sandler & Co., as the sales agent (the "Sales Agent")under which the Company may sell up to $100,000,000 of shares of common stock through the Sales Agent. The Company has not sold any shares under the ATM Agreement as of the date hereof and is not obligated to, and cannot provide any assurances that the Company will make any sales of the shares under the ATM Agreement.

In August 2024, the holder of a secured promissory note exercised their conversion option and converted the principal balance of $5,000,000 into 968,973 shares of our common stock.

During the fourth quarter of 2024, we were successful in our appeal in the Ninth Circuit of the judgment of a material litigation matter, which has been remanded to the District Court for a new trial, and the bond related to the judgement was exonerated, allowing us to recover $9,000,000 in restricted cash. Additionally, in a related case with our insurance carrier, we collected $2,000,000 during the fourth quarter of 2024. The recovered funds have been reallocated to further our clinical pipeline and extend our cash runway.

The Company's unaudited condensed consolidated financial statements have been prepared on the basis of the Company continuing as a going concern for the next 12 months. Based on its current operational requirements, the Company believes that its current cash will be sufficient to fund its projected operations for at least 12 months from the date of the issuance of these consolidated financial statements. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Additionally, the process of testing product candidates in clinical trials is costly, and the timing of progress and expenses in these trials is uncertain. Accordingly, we may need to seek additional funds sooner than planned, including through public or private equity or debt financings, other sources, or through strategic collaborations.

Our future capital requirements will depend on many factors, including:

- the scope, rate of progress, results and costs of our clinical trials, preclinical studies and other related activities;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such agreements;
- the timing of, and the costs involved in, obtaining regulatory approvals for nimacimab or any future drug candidates;
- the number and characteristics of the drug candidates we seek to develop or commercialize;
- the cost of manufacturing clinical supplies, and establishing commercial supplies of our drug candidates, both in the U.S. and internationally;
- the cost of commercialization activities if our current or future drug candidates are approved for sale, including marketing, sales and distribution costs;
- the expenses needed to attract and retain skilled personnel;
- the costs associated with being a public company;
- the amount of revenue, if any, received from commercial sales of our drug candidates, should any of our drug candidates receive marketing approval;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing possible patent claims, including litigation costs and the outcome of any such litigation;
- the results of the new trial in the litigation matter discussed above under "--Financial Overview — Estimated Legal Contingency"; and
- the impact of any of the foregoing of macroeconomic events, including inflation, fluctuating interest and exchange rates, and market volatility as a result of trade, fiscal and regulatory policies, including tariffs.

Cash Flows

The following is a summary of our cash flows for the periods indicated and has been derived from our unaudited condensed consolidated financial statements which are included elsewhere in this Quarterly Report on Form 10-Q:

	Six Months Ended June 30,	
	2025	**2024**
Net cash used in operating activities	$ (19,931,667)	$ (11,801,659)
Net cash (used in) provided by investing activities	(24,663,988)	1,109,497
Net cash provided by financing activities	18,158	83,556,563

Cash Flows from Operating Activities

The primary use of cash for our operating activities during the period was to fund research development activities for our clinical product candidate and general and administrative activities. Our cash used in operating activities also reflected changes in our working capital, net of adjustments for non-cash charges, such as stock-based compensation, depreciation and amortization, amortization of debt discount and the gain on sale of asset.

Cash used in operating activities of $19,931,667 during the six months ended June 30, 2025, reflected a net loss of $28,728,191, partially offset by aggregate non-cash charges of $4,510,100 and included a $4,286,424 net cash outflow in our operating assets and liabilities.

Non-cash charges included $4,235,018 for stock-based compensation expense primarily attributable to the recognition of current period expense on prior grants and$364,445 in depreciation and amortization. The net change in our operating assets and liabilities included a $414,271 cash inflow from the decrease in our prepaid expenses and other current assets, a $1,287,646 net cash inflow from increase in our accrued expenses and other current liabilities and a$2,584,507 cash inflow from the increase of our accounts payable.

Cash used in operating activities of $11,801,659 during the six months ended June 30, 2024, reflected a net loss of $12,922,347, partially offset by aggregate non-cash charges of $3,963,183 and included a $2,842,495 net change in our operating assets and liabilities.

Cash Flows from Investing Activities

During the six months ended June 30, 2025, our cash used in investing activities related primarily to the purchase of $24,747,039 in short-term investments and $89,363 in net proceeds from the sale of the AVI building.

During the six months ended June 30, 2024, the Company purchased $35,644 in machinery and office equipment and recognized $1,145,141 in net proceeds from the sale of the AVI building.

Cash Flows from Financing Activities

Cash flows from financing activities primarily reflect proceeds from the sale of our securities.

During the six months ended June 30, 2025, cash provided by financing activities included $18,158 in proceeds from the purchase under employee stock purchase plan.

During the six months ended June 30, 2024, cash provided by financing activities included $83,556,563 in proceeds received in connection with the January and March PIPE Financings, net of issuance costs.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures. We maintain controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any control and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily is required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures.

We conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2025. Based upon their evaluation and subject to the foregoing, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures were effective at a reasonable assurance level.

Changes in internal controls. Management determined there were no changes in internal control over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a description of material legal proceedings, see Note 7, "*General Litigation and Disputes*" to the accompanying unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed by us in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the SEC on March 20, 2025.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

On April 24, 2025, Kaitlyn Arsenault, the Company's Chief Financial Officer, adopted a Rule 10b5-1 trading plan. Ms. Arsenault's Rule 10b5-1 trading plan is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act ("Rule 10b5-1(c)") and provides for (i) the potential sale of up to 45,434 shares of the Company's common stock subject to restricted stock units held by Ms. Arsenault until December 31, 2027 and (ii) the sale of an indeterminate number of shares of the Company's common stock at market prices sufficient to cover Ms. Arsenault's tax liability upon the vesting of the unvested restricted stock units held by Ms. Arsenault until December 31, 2027.

On April 25, 2025, Paul Grayson, the Chairman of the Company's Board of Directors, adopted a Rule 10b5-1 trading plan. Mr. Grayson's Rule 10b5-1 trading plan is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and provides for (i) the potential sale of up to 86,563 shares of the Company's common stock subject to restricted stock units held by Mr. Grayson until December 31, 2026, which amount includes the sale of an indeterminate number of shares of the Company's common stock at market prices sufficient to cover Mr. Grayson's tax liability upon the vesting of the unvested restricted stock units held by Mr. Grayson until December 31, 2026 and (ii) the potential sale of up to 98,138 shares of the Company's common stock held by Mr. Grayson until December 31, 2026.

On April 25, 2025, Chris Twitty, the Company's Chief Scientific Officer, adopted a Rule 10b5-1 trading plan. Dr. Twitty's Rule 10b5-1 trading plan is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and provides for the sale of an indeterminate number of shares of the Company's common stock at market prices sufficient to cover Dr. Twitty's tax liability upon the vesting of the unvested restricted stock units held by Dr. Twitty until December 31, 2026.

On April 29, 2025, Tu Diep, the Company's Chief Operating Officer, adopted a Rule 10b5-1 trading plan. Mr. Diep's Rule 10b5-1 trading plan is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and provides for the sale of an indeterminate number of shares of the Company's common stock at market prices sufficient to cover Mr. Diep's tax liability upon the vesting of the unvested restricted stock units held by Mr. Diep until December 31, 2026.

No other officers or directors, as defined in Rule 16a-1 (f) under the Exchange Act, adopted and/or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408, during the last fiscal quarter.

Item 6. Exhibits.

3.1	Amended and Restated Articles of Incorporation of Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on March 22, 2024)
3.2	Amended and Restated Bylaws of Registrant (incorporated by reference to Exhibit 3.2 to our Annual Report on Form 10-K for the year ended December 31, 2020 filed on March 2, 2021)
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934
32.1*	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from the Skye Biosciences, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Balance Sheets (Unaudited), (ii) Condensed Consolidated Statements of Operations (Unaudited), (iii) Condensed Consolidated Statements of Cash Flows (Unaudited), (iv) Condensed Consolidated Statements of Stockholders' Deficit (Unaudited), and (v) related Notes to the Unaudited Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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* This certification is deemed not filed for purpose of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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.

Skye Bioscience, Inc.,
a Nevada corporation

August 7, 2025

By: */s/ Punit Dhillon*
Punit Dhillon
Its: Chief Executive Officer, Secretary and Director
(Principal Executive Officer)

August 7, 2025

By: */s/ Kaitlyn Arsenault*
Kaitlyn Arsenault
Its: Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1

Certification of Principal Executive Officer,
Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as Amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Punit Dhillon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Skye Bioscience, Inc. for the quarter ended June 30, 2025;

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Punit Dhillon
Punit Dhillon
Chief Executive Officer, Chairman of the Board, and Director

Date: August 7, 2025

EXHIBIT 31.2

Certification of Principal Financial Officer,
Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as Amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, *Kaitlyn Arsenault*, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Skye Bioscience, Inc. for the quarter ended June 30, 2025;

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kaitlyn Arsenault
Kaitlyn Arsenault
Chief Financial Officer
(Principal Accounting Officer)

Date: August 7, 2025

EXHIBIT 32.1

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

In connection with the Quarterly Report of Skye Bioscience, Inc. a Nevada corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Punit Dhillon, Chief Executive Officer, Chairman of the Board, and Director of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Punit Dhillon

Punit Dhillon

Chief Executive Officer, Chairman of the Board, and Director

Date: August 7, 2025

EXHIBIT 32.2

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

In connection with the Quarterly Report of Skye Bioscience, Inc. a Nevada corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kaitlyn Arsenault, Chief Financial Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Kaitlyn Arsenault
Kaitlyn Arsenault
Chief Financial Officer
(Principal Accounting Officer)

Date: August 7, 2025