

**CTT PHARMACEUTICAL HOLDINGS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 and 2022**

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and  
Stockholders of CTT Pharmaceutical Holdings, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying balance sheets of CTT Pharmaceutical Holdings, Inc. (the Company) as of December 31, 2023 and 2022 and the related statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

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

### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments.

The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has not yet begun principal operations, and therefore, net losses are expected as asserted by management. See Note 3 to the financial statements for further discussion regarding the Company as a going concern.

*DiPiazza LaRocca Heeter & Co., LLC*

DiPiazza LaRocca Heeter & Co., LLC

We have served as the Company's auditor since 2024.

Birmingham, Alabama

August 20, 2024

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**Balance Sheets**  
**December 31, 2023 and 2022**

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
Current assets		
Cash and cash equivalents	\$ -	\$ 8,096
Related-party receivables	-	44
<b>Total current assets</b>	<u>-</u>	<u>8,140</u>
Noncurrent assets		
Intangible assets, net	79,326	85,724
<b>Total noncurrent assets</b>	<u>79,326</u>	<u>85,724</u>
<b>Total assets</b>	<u><u>79,326</u></u>	<u><u>93,864</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accrued liabilities	8,411	4,614
<b>Total current liabilities</b>	<u>8,411</u>	<u>4,614</u>
Noncurrent liabilities		
Related-party note	10,880	-
<b>Total noncurrent liabilities</b>	<u>10,880</u>	<u>-</u>
<b>Total liabilities</b>	19,291	4,614
Common stock, par value \$0.0001 (300,000,000 shares authorized, 51,392,381 shares issued and outstanding)	386,453	302,053
Additional paid-capital	6,888,233	6,888,233
Treasury stock, at cost	(71,400)	-
Retained earnings	(7,145,324)	(7,103,109)
Accumulated other comprehensive income	2,073	2,073
<b>Stockholders' equity</b>	<u>60,035</u>	<u>89,250</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 79,326</u></u>	<u><u>\$ 93,864</u></u>

*See notes to financial statements.*

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**Income Statements**  
**For the years ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Revenue	\$ -	\$ -
Cost of Revenues	-	-
Gross profit	-	-
Operating expenses		
General and administrative	7,626	23,447
Amortization	6,398	6,398
Advertising	369	2,431
Meals and entertainment	77	392
Professional fees	3,929	11,981
Consulting fees	23,614	63,221
Travel	81	933
Bank charges	121	2,337
Total operating expenses	42,215	111,140
Other income - gain from settlement	-	57,692
Net loss	(42,215)	(53,448)
Total other comprehensive income	-	461
Total comprehensive income (loss)	\$ (42,215)	\$ (52,987)
Net loss available to common shareholders		
Basic loss per share	\$ (0.001)	\$ (0.001)
Diluted loss per share	\$ (0.001)	\$ (0.001)
Average number of shares of common stock outstanding		
Basic	50,529,881	49,421,610
Diluted	50,529,881	49,421,610

*See notes to financial statements.*

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**Statements of Stockholders' Equity**  
**For the years ended December 31, 2023 and 2022**

	<u>Common Stock</u>	<u>Additional Paid- in Capital</u>	<u>Treasury Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Stockholders' Equity</u>
<b>Balance as of December 31, 2021</b>	\$ 331,842	\$ 6,813,606	\$ -	\$ (7,049,661)	\$ 1,612	\$ 97,399
Issuance of common shares	44,838	-	-	-	-	44,838
Stock redemption	(74,627)	74,627	-	-	-	-
Other comprehensive income	-	-	-	-	461	461
Net loss	-	-	-	(53,448)	-	(53,448)
<b>Balance as of December 31, 2022</b>	\$ 302,053	\$ 6,888,233	\$ -	\$ (7,103,109)	\$ 2,073	\$ 89,250
Issuance of common shares	84,400	-	-	-	-	84,400
Purchases of treasury stock	-	-	(71,400)	-	-	(71,400)
Net loss	-	-	-	(42,215)	-	(42,215)
<b>Balance as of December 31, 2023</b>	<u>\$ 386,453</u>	<u>\$ 6,888,233</u>	<u>\$ (71,400)</u>	<u>\$ (7,145,324)</u>	<u>\$ 2,073</u>	<u>\$ 60,035</u>

*See notes to financial statements.*

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ (42,215)	\$ (53,448)
Amortization expense	6,398	6,398
(Increase) decrease:		
Related-party receivables	44	5,558
Increase (decrease):		
Accrued expenses	3,797	(97,347)
Related-party note payable	10,880	-
Total adjustments	21,119	(85,391)
<b>Net cash used in operating activities</b>	(21,096)	(138,839)
<b>Cash Flows from Financing Activities</b>		
Issuance of common stock	84,400	44,838
Purchase of treasury stock	(71,400)	-
<b>Net cash provided by financing activities</b>	13,000	44,838
Net decrease in cash and cash equivalents	(8,096)	(94,001)
Cash and cash equivalents - beginning of year	8,096	102,097
Cash and cash equivalents - end of year	\$ -	\$ 8,096

*See notes to financial statements.*



**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

**NOTE 1 – NATURE OF OPERATIONS**

CTT Pharmaceutical Holdings, Inc. (the “Company”) is a Delaware C-Corporation formed in 1996. The Company specializes in drug delivery systems technology within the pharmaceutical industry. The Company is focused on fast dissolving drug delivery systems through the development of advanced oral methods.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements of the Company have been prepared on the accrual basis of accounting which conforms to accounting principles generally accepted in the United States of America (U.S. GAAP).

**Use of estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial instruments**

The Company’s balance sheets may include the following financial instruments: cash, loans from shareholders, accounts payable, accrued expenses, notes payable and convertible notes payable. The carrying amount of current assets and current liabilities approximate their fair value due to the relatively short period of time between the origination of these instruments and their expected realization. The carrying values of these notes payable and convertible notes payable approximates fair value based on borrowing rates currently available to the Company for instruments with similar terms and remaining maturities.

**Revenue recognition**

As of December 31, 2023 and 2022, the Company had no revenue producing activities. The Company recognizes revenue as it satisfies contractual performance obligations by transferring promised good or services to its customers. The amount of revenue recognized reflects the consideration the Company expects to be entitled to in exchange for those promised goods or services. A good or service is transferred to a customer when, or as, the customer obtains controls of that good or service.

**Earnings per share**

Basic earnings per share are computed using the weighted average number of common shares outstanding at December 31, 2023 and 2022, respectively. The weighted average number of common shares outstanding for the years ended December 31, 2023 and 2022 was 50,529,881 and 49,421,610, respectively. Diluted earnings per share reflect the potential dilutive effects of common stock equivalents such as options, warrants and convertible securities. Given the historical and projected future losses of the Company, all potentially dilutive common stock equivalents are considered anti-dilutive.

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Concentrations of credit risk**

The Company maintains cash in bank accounts at high credit quality United States financial institutions. At various times during the years ended December 31, 2023 and 2022, the Company may have had cash on deposit with financial institutions in excess of federal depository insurance limits. The Company has not experienced and does not anticipate any credit losses on these deposits.

**Subsequent events**

The Company has evaluated subsequent events occurring through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.

**Cash and cash equivalents**

For purposes of reporting cash flows, the Company considers all liquid instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2023 and 2022.

**Related-party receivables**

Related-party receivables consist of funds advanced to a related-party on terms equivalent to those that prevail in arm's length transactions. During 2023 and 2022, the Company advanced funds to Ryan Khouri, CEO, which were fully repaid by December 31, 2023. The balance of related-party receivables was \$0 and \$44 as of December 31, 2023 and 2022, respectively.

**Related-party note**

Related-party notes consist of uncollateralized obligations of funds advanced to the Company by a related-party on terms equivalent to those that prevail in arm's length transactions. During 2023, the Company was advanced funds from a shareholder in the amount of \$10,880. The advances are not formalized and are not interest bearing.

**Share-based compensation**

The Company from time to time may issue stock options, warrants and restricted stock as compensation to employees, directors, officers and affiliates, as well as to acquire goods or services from third parties. In all cases, the Company calculates share-based compensation using the Black-Scholes option pricing model and expenses awards based on fair value at the grant date, which in the case of third-party suppliers is the shorter of the period over which services are to be received or the vesting period, and for employees, directors, officers and affiliates is typically the vesting period. Share-based compensation is included in consulting fees on the income statements.

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Fair value measurement**

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 – Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The Company follows the policy of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Company has not elected to measure any existing financial instruments at fair value; however, the Company may elect to measure newly acquired financial instruments at fair value in the future.

**Leases**

Beginning January 1, 2022, leases are accounted for in accordance with FASB ASU 2016-02 *Leases (Topic 842)*. Under ASU 2016-02, any arrangement, contract or any changes to either, that convey the right to use an identified asset, obtain substantially all of the economic benefits from the asset or result in the ability to direct the use of the asset qualifies as a lease. Once this determination is made, leases are evaluated for classification as operating or financing leases and a ROU asset and lease liability is recorded.

*Lease liabilities:* A lease liability is measured on the commencement date of the lease and subsequently accounted for based on the present value of its future lease payments using the interest method. The discount rate used in the calculations is the index rate identified in the lease or the implicit rate if it is readily determinable. If these rates cannot be readily determined, the Company's incremental borrowing rate is used on the commencement date.

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Leases – Continued**

*ROU assets:* A ROU asset is measured at the commencement date of the lease at the amount of the initially measured liability plus any lease payments made to the lessor before or on the commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus the unamortized balance of initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

*Accounting policy for short-term leases.* Under ASU 2016-02, the Company has elected that there will be no ROU assets or lease liabilities recognized for short-term leases that have a term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

**Advertising**

Advertising costs are expensed as incurred and are included in operating expenses on the income statements. For the years ended December 31, 2023 and 2022, advertising expenses were \$369 and \$2,431, respectively.

**Income taxes**

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*, which requires an asset and liability approach for financial accounting and reporting of income taxes. Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. Deferred tax assets, if any, include tax loss and credit carry forwards and are reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

**Intangible assets**

The Company's intangible assets consist of trademarks and patents held across multiple countries. The patents are amortized over their useful lives, typically up to 20 years, which is the standard patent expiration period. The trademarks are amortized over their useful lives, typically up to 15 years.

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

**NOTE 3 – GOING CONCERN**

Historically, the Company has experienced, and the Company continues to experience, net losses from operations, negative cash flow from operating activities, and working capital deficits. These conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date of issuance of the audited financial statements. The Company has not yet begun principal operations, and therefore, net losses are expected. The unaudited financial statements do not reflect any adjustments that might result if the Company was unable to continue as a going concern. The Company anticipates that operating losses will continue in the near term as management continues efforts to acquire income producing assets.

**NOTE 4 – STOCKHOLDERS' EQUITY**

The total number of shares of common stock authorized is 300,000,000, par value \$0.0001 per share. As of December 31, 2023 and 2022, the Company had 51,392,381 and 47,742,381 shares of common stock issued and outstanding, respectively.

Effective February 18, 2022, the Company issued 500,000 shares of its common stock to Ryan Khouri at \$0.035 per share in connection with his employment agreement.

Effective August 18, 2022, the Company issued 500,000 shares of its common stock to Ryan Khouri at \$0.03 per share in connection with his employment agreement.

Effective September 7, 2022, the Company issued 250,000 shares of its common stock to Allen Greenspoon at \$0.027 per share in connection with his employment agreement.

Effective September 27, 2022, the Company issued 50,000 shares of its common stock to Alan King at \$0.0301 per share in connection with his employment agreement.

Effective September 29, 2022, the Company issued 100,000 shares of its common stock to Justin Chan at \$0.04 per share in connection with his employment agreement.

Effective September 30, 2022, the Company returned 3,731,343 shares of its common stock to treasury stock at \$0.02 per share in connection with a settlement with Aurora Cannabis, Inc. These shares are held in treasury and may be reissued in the future, or retired at the discretion of the Company.

Effective March 20, 2023, the Company issued 500,000 shares of its common stock to Ryan Khouri at \$0.02 per share in connection with his employment agreement.

Effective March 20, 2023, the Company issued 100,000 shares of its common stock to Tavise Morabia at \$0.02 per share in connection with his employment agreement.

Effective April 4, 2023, the Company issued 3,000,000 shares of its treasury stock as common stock at \$0.0238 per share.

Effective April 27, 2023, the Company issued 50,000 shares of its common stock to Alan King at \$0.02 per share in connection with his employment agreement.

**CTT PHARMACEUTICAL HOLDINGS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

**NOTE 5 – INTANGIBLE ASSETS**

At December 31, 2023 and 2022, intangible assets were as follows:

		<b>2023</b>		<b>2022</b>
Patents	\$	109,883	\$	109,883
Trademarks		13,564		13,564
Less accumulated amortization		(44,121)		(37,723)
Net, intangible assets	\$	79,326	\$	85,724

Amortization expense for the years ended December 31, 2023 and 2022 was \$6,398.

The Company’s patents are listed below:

Country	Patent No.	File Date	Expiration Date
Canada	2624110	3/27/2008	3/27/2028
U.S.	8623401	3/27/2008	3/27/2028
U.S.	9833461	10/23/2015	10/23/2035
Canada	2922959	3/3/2016	3/3/2036
U.S.	11166912	3/3/2016	3/3/2036
Europe	17759030.4	2/27/2017	2/27/2037
Mexico	391622	2/27/2017	2/27/2037

The Company also has 3 trademarks, one in Canada and 2 in the U.S. The Canada trademark was filed on 11/28/2017 and expires on 11/28/2032. The U.S. trademarks were filed on 5/28/2018 and 11/28/2019 and expire on 5/28/2033 and 11/28/2034, respectively.

Intangible assets are recorded at cost and subsequently amortized over the respective useful lives of each, as reflected on the balance sheets. Management believes the reflected value of the intangible assets would substantially increase upon completion of a third-party appraisal.