

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

TRON Pharmaceuticals, Inc. f/k/a Nanopharmaceutics, Inc.

14120 NW 126 Terrace

Alachua, FL 32615

Company Telephone: 386-401-6304

Company Website: www.nanopharmaceutics.com

Company Email: info@nanopharmaceutics.com

Quarterly Report

For the period ending June 30, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

184,000,000 as of June 30, 2024 (Current Reporting Period Date or More Recent Date)

174,000,000 as of December 31, 2023 (Most Recent Completed Fiscal Year End)

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

Yes: No:

⁴ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

The Company was founded on October 20, 2015 as Plush Corporation in Nevada. On November 3, 2016, the Company changed to Tron Group, Inc. On August 22, 2022, TRON Group Inc. changed its name in a State of Nevada Amendment to Nanopharmaceutics, Inc. On June 17, 2024, Nanopharmaceutics, Inc. changed its name in a State of Nevada Amendment to TRON Pharmaceuticals, Inc.

Current State and Date of Incorporation or Registration: Nevada 10/20/2015
Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On February 16, 2024, Nanopharmaceutics, Inc. and Nanopharmaceutic Holdings, Inc., announced signing of a definitive agreement for the merger and reorganization combining Nanopharmaceutic Holdings, Inc. with NANOP Acquisition II, Inc. ("NANOP"), a wholly-owned Nanopharmaceutics, Inc. subsidiary, in an all-stock transaction. Before the transaction, Nanopharmaceutic Holdings, Inc. held a majority stake in Alchem Laboratories Corporation (subsidiary), a research and development company manufacturing products for clinical trials based in Florida. The combined company's headquarters are located in Alachua, Florida. The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Pursuant to the terms and conditions of the Agreement, at the effective time of the Merger (the "Effective Time"), each of Nanopharmaceutic Holdings, Inc. outstanding shares of common stock were converted into one share of Nanopharmaceutics, Inc. common stock. Each of the companies made customary representations, warranties and covenants in the Agreement and was approved by a majority of the stockholders of both companies.

On June 17, 2024, Nanopharmaceutics, Inc. changed its name in a State of Nevada Amendment to TRON Pharmaceuticals, Inc. On June 21, 2024, Nanopharmaceutic Holdings, Inc. changed its name in a State of Nevada Amendment to Nanopharmaceutics, Inc., a wholly-owned subsidiary of TRON Pharmaceuticals, Inc. The majority stake in Alchem Laboratories Corporation (subsidiary) held by Nanopharmaceutic Holdings, Inc. was subsequently transferred to TRON Pharmaceuticals, Inc.

Address of the issuer's principal executive office:

14120 NW 126 Terrace
Alachua, FL 32615

Address of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: EQ Shareowner Services (Equiniti, formerly American Stock Transfer & Trust Company LLC)
Phone: (800) 937-5449
Email: help@astfinancial.com
Address: 6201 15th Ave
Brooklyn, NY 11219
<https://www.astfinancial.com/>

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>TGRP</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>897012 100</u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>500,000,000</u>	as of date: <u>June 30, 2024</u>
Total shares outstanding:	<u>184,000,000</u>	as of date: <u>June 30, 2024</u>
Total number of shareholders of record:	<u>63</u>	as of date: <u>June 30, 2024</u>

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer. N/A

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	<u>Class A Preferred</u>	
CUSIP (if applicable):	<u>N/A</u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>50,000,000</u>	as of date: <u>June 30, 2024</u>
Total shares outstanding:	<u>50,000,000</u>	as of date: <u>June 30, 2024</u>
Total number of shareholders of record:	<u>1</u>	as of date: <u>June 30, 2024</u>

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities. N/A

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

The holders of Common Stock are entitled at all times to vote for each share and to such dividends as the Board of Directors may in its sole discretion, from time to time, legally declare, subject, however to the voting and dividend rights if any of the holders of the Preferred Stock. In the event of any liquidation, dissolution or winding up of the Corporation, the remaining assets of the Corporation after the payment of all debts and necessary expenses, subject, however, to the rights of the holders of the Preferred Stock then outstanding, if any, shall be distributed among the holders of the Common Stock pro rata in accordance with their respective holdings. The Common Stock is subject to all of the terms and provisions of the Preferred Stock as fixed by the Board of Directors as hereinafter provided.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

The Preferred Stock may be issued, from time to time, in one or more series with such distinctive serial designations as the Board of Directors may establish and such Preferred Stock: (a) may have such voting powers, full or limited, or may be without voting powers; (b) may be subject to redemption at such time or times and at such prices; (c) may be entitled to receive dividends (which may be cumulative or non-cumulative) at such rate or rates, on such conditions, and at such times and payable in preference to, or in such relation to, the dividends payable on any other class or classes or series of stock; (d) may have such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; (e) may be made convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation, at such price or prices or at such rates of exchange, and with such adjustments; and (f) shall have such other relative, participating, optional or special rights, qualifications, limitations or restrictions thereof, all as shall hereafter be stated and expressed in the resolution or resolutions providing for Directors pursuant of the authority to do so which is hereby vested in the Board.

3. **Describe any other material rights of common or preferred stockholders.**

None

4. **Describe any material modifications to rights of holders of the company’s securities that have occurred over the reporting period covered by this report.**

The Company’s Articles of Incorporation may be amended to provide that the Board of Directors has the authority to divide the Preferred Stock into series and, within the limitations provided by Nevada statute, to fix by resolution the voting power, designations, preferences, and relative participation, special rights, and the qualifications, limitations or restrictions of the shares of any series so established.

3) Issuance History

*The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer’s securities **in the past two completed fiscal years and any subsequent interim period.***

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>December 31, 2022</u>			*Right-click the rows below and select “Insert” to add rows as needed.						
Opening Balance Date <u>January 1, 2023</u> Common: <u>174,000,000</u> Preferred: <u>50,000,000</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

					issuance? (Yes/No)				
02/16/2024	New Issuance	7,508,000	Common	\$0.0001*	N/A*	Nanosphere Holdings LLC (James Talton)	Merger	Restricted	144
02/16/2024	New Issuance	9,000	Common	\$0.0001*	N/A*	Arami, Justin	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Caldwell, Elijah	Merger	Restricted	144
02/16/2024	New Issuance	9,000	Common	\$0.0001*	N/A*	Courey, Sarah	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Deigl, Christopher	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Denysenko, Ganna	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Denysenko, Sergiy	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Fails, George	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Geoffroy, Otto	Merger	Restricted	144
02/16/2024	New Issuance	9,000	Common	\$0.0001*	N/A*	Hemphill, Travis	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Hood, Becky	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Huang, Guangfei	Merger	Restricted	144
02/16/2024	New Issuance	9,000	Common	\$0.0001*	N/A*	Lamon, Zaxston	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Long, Robert	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Morgan, Daniel	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Rajabi, Masi	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Rudchenko, Vladimir	Merger	Restricted	144
02/16/2024	New Issuance	9,000	Common	\$0.0001*	N/A*	Shapiro, Gideon	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Vakulenko, Anatoliy	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Vasile, Steve	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Yang, Jing	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Zhang, Lianhao	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Zhang, Mianji	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Gerald Talton Sr.	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Katy Talton	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Gerald Talton Jr.	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Aiden Talton	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Haley Talton	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Logan Talton	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Jennifer Sowell	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Jacob Sowell	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Julia Sowell	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Jenna Sowell	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Jocey Sowell	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Julianna Cziotka	Merger	Restricted	144
02/16/2024	New Issuance	100,000	Common	\$0.0001*	N/A*	Matt and Jennifer McMillan	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Alexander McMillan	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Elana McMillan	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Evan McMillan	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Jackie Finlayson	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Jeff Thinschmidt	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Carla Sauer	Merger	Restricted	144
02/16/2024	New Issuance	5,000	Common	\$0.0001*	N/A*	Roger Stephens	Merger	Restricted	144
02/16/2024	New Issuance	10,000	Common	\$0.0001*	N/A*	Sarah Macone	Merger	Restricted	144
02/16/2024	New Issuance	2,000	Common	\$0.0001*	N/A*	Kristen DiFranco	Merger	Restricted	144
Shares Outstanding on Date of This Report: Ending Balance: Date: <u>June 30, 2024</u> Common: <u>184,000,000</u> ¹ Preferred: <u>50,000,000</u>									

*10,000,000 shares issued to the above holders as a result merger and reorganization combining Nanopharmaceutic Holdings, Inc. with NANOP Acquisition II, Inc. ("NANOP"), a wholly-owned subsidiary, in an all-stock transaction on February 16, 2024.

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

1 184,000,000 common shares outstanding as of June 30, 2024. The amount of 183,492,000 in the 1Q24 Disclosure reflects a calculation error.

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities :

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

N/A

4) Issuer’s Business, Products and Services

The purpose of this section is to provide a clear description of the issuer’s current operations. Ensure that these descriptions are updated on the Company’s Profile on www.OTCMarkets.com.

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

TRON Pharmaceuticals, Inc. (OTC: TGRP), through its subsidiaries, is a clinical-stage specialty pharmaceutical company developing oral, topical, and injectable products for cancer, central nervous system (CNS) disorders, and infectious diseases. TRON Pharmaceuticals, Inc. subsidiaries include Nanopharmaceutics, Inc., a wholly-owned subsidiary, and Alchem Laboratories Corporation, a majority-owned subsidiary, both located in Alachua, Florida.

B. List any subsidiaries, parent company, or affiliated companies.

On February 16, 2024, Nanopharmaceutics, Inc. and Nanopharmaceutic Holdings, Inc., announced signing of a definitive agreement for the merger and reorganization combining Nanopharmaceutic Holdings, Inc. with NANOP Acquisition II, Inc. ("NANOP"), a wholly-owned Nanopharmaceutics, Inc. subsidiary, in an all-stock transaction. On March 6, 2024, the Nanopharmaceutics, Inc. Board of Directors approved the merger of Nanopharmaceutics, Inc. and Nanopharmaceutic Holdings, Inc., its wholly owned subsidiary, with Nanopharmaceutic Holdings, Inc. the surviving company and Alchem Laboratories Corporation its majority-owned direct subsidiary. On June 17, 2024, Nanopharmaceutics, Inc. changed its name in a State of Nevada Amendment to TRON Pharmaceuticals, Inc. On June 21, 2024, Nanopharmaceutic Holdings, Inc. changed its name in a State of Nevada Amendment to Nanopharmaceutics, Inc., a wholly-owned subsidiary of TRON Pharmaceuticals, Inc. The majority stake in Alchem Laboratories Corporation (subsidiary) held by Nanopharmaceutic Holdings, Inc. was subsequently transferred to TRON Pharmaceuticals, Inc.

C. Describe the issuers' principal products or services.

The Company's operations effective August 5, 2022, consist of an emerging, clinical stage pharmaceutical company devoted to the discovery and commercialization of new, molecularly-targeted drugs for diseases with major unmet needs.

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Company is located at 14120 NW 126 Terrace Alachua, FL 32615. The current office facilities are provided at no charge by its subsidiary Alchem Laboratories Corporation and consist of approximately 6,800 sq feet of office and laboratory space.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Data provided on June 30, 2024 and based on a total of 184,000,000 shares issued and outstanding:

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
James Talton	President / Secretary Treasurer / Director	Alachua, Florida	0	N/A	N/A	
Nanosphere Holdings LLC	Holder 5% or more	Alachua, Florida	150,508,000	Common	81.8%	Beneficial Owner: James Talton
Nanosphere Holdings LLC	Holder 5% or more	Alachua, Florida	50,000,000	Preferred	100%	Beneficial Owner: James Talton

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name:	<u>Law Offices of Mont E. Tanner</u>
Address 1:	<u>2950 E Flamingo Rd</u>
Address 2:	<u>Las Vegas, NV 89121</u>
Phone:	<u>(702) 752-8999</u>
Email:	<u>mtannerlaw@aol.com</u>

Accountant or Auditor

Name: Jeremy D. Wright, CPA
Firm: James Moore & Co.
Address 1: 5931 NW 1st Place
Address 2: Gainesville, FL 32607
Phone: 352-378-1331
Email: Jeremy.Wright@JMCo.com

Investor Relations

None

All other means of Investor Communication:

X (Twitter): N/A
Discord: N/A
LinkedIn: <https://www.linkedin.com/company/nanopharmaceutics-inc/about>
Facebook: N/A
[Other] N/A

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

None

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: **James Talton, Ph.D.**
Title: **President and CEO**
Relationship to Issuer: **Officer**

B. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Jeremy D. Wright, CPA, Partner, James Moore & Co.**
Title: **Accountant**
Relationship to Issuer: **Third party accountant**

Describe the qualifications of the person or persons who prepared the financial statements:⁵ **James Moore & Co. is a full-service firm that provides accounting and auditing, tax and business consulting services.**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;

⁵ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Dr. James D. Talton certify that:

1. I have reviewed this Disclosure Statement for the twelve months ended June 30, 2024, of TRON Pharmaceuticals Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 10, 2024 [Date]

/s/ Dr. James Talton

CEO, President, Secretary, Treasurer and Director
(Principal Executive Officer)

Principal Financial Officer:

I, Mrs. Judy C. Talton certify that:

1. I have reviewed this Disclosure Statement for the twelve months ended June 30, 2024, of TRON Pharmaceuticals Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 10, 2024 [Date]

/s/ Mrs. Judy C. Talton

Chief Clinical Officer, Accountant, Acting CFO
(Principal Financial Officer)

TRON PHARMACEUTICALS, INC.
BALANCE SHEETS
(Unaudited)

<u>ASSETS</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current assets		
Cash and cash equivalents	\$ 214,540	\$ 198
Accounts receivable	387,476	-
Inventory	39,595	-
Other current assets	6,150	-
Total current assets	647,761	198
Property and equipment, net	4,754,022	-
Total Assets	\$ 5,401,783	\$ 198
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
Current liabilities		
Current portion of note payable	\$ 87,832	\$ -
Due to related parties	1,209,992	-
Accounts payable and accrued expenses	199,877	-
Contract liabilities	79,760	-
Total current liabilities	1,577,461	-
Long-term liabilities		
Long-term debt, less current portion	2,803,695	-
Total long-term liabilities	2,803,695	-
Stockholders' equity		
Preferred stock, \$0.0001 par value per share, 50,000,000 shares authorized, issued, and outstanding	5,000	5,000
Common stock, \$0.0001 par value per share, 500,000,000 shares authorized, 184,000,000 and 174,000,000, respectively, issued and outstanding	18,400	17,400
Additional paid-in capital	101,764	(20,400)
Retained earnings (accumulated deficit)	(97,811)	(1,802)
Non-controlling interest	993,274	-
Total stockholders' equity	1,020,627	198
Total Liabilities and Stockholders' Equity	\$ 5,401,783	\$ 198

The accompanying notes to financial statements
are an integral part of these statements.

TRON PHARMACEUTICALS, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Revenues	\$ 1,046,888	\$ -	\$ 1,775,521	\$ -
Expenses and losses				
Personnel costs	556,726	-	840,888	-
Supplies	236,048	-	327,155	-
Research and development	21,250	-	42,500	-
Repairs and maintenance	20,022	-	28,587	-
Consulting	75,260	-	99,870	-
Professional & consulting fees	90,420	-	135,053	-
Office and other	50,866	-	77,249	-
Insurance	14,980	-	22,599	-
Taxes and licenses	9,065	-	13,928	-
Telephone and utilities	22,184	-	30,941	-
Depreciation	79,285	-	158,079	-
Total operating expenses	1,176,106	-	1,776,849	-
Income (loss) from operations	(129,218)	-	(1,328)	-
Other income (expense)				
Other income	13	-	19	-
Interest expense	(46,203)	-	(76,119)	-
Total other income (expense)	(46,190)	-	(76,100)	-
Income (loss) before income taxes	(175,408)	-	(77,428)	-
Provision for income taxes	-	-	-	-
Net income (loss)	(175,408)	-	(77,428)	-
Less: Net income (loss) attributable to non-controlling interest	(55,116)	-	18,581	-
Net income attributable to Tron Pharmaceuticals, Inc. stockholders	\$ (120,292)	\$ -	\$ (96,009)	\$ -
Net income (loss) per common share: basic and diluted	\$ -	\$ -	\$ -	\$ -
Weighted average number of common shares outstanding: basic and diluted	184,000,000	174,000,000	184,000,000	174,000,000

The accompanying notes to financial statements
are an integral part of these statements.

TRON PHARMACEUTICALS, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Shares		Common Shares		Additional Paid-in Capital	Retained Earnings	Non-Controlling Interest	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2023	50,000,000	\$ 5,000	174,000,000	\$ 17,400	\$ (20,400)	\$ (1,802)	\$ -	\$ 198
Net income	-	-	-	-	-	24,283	73,697	97,980
Consolidation of Alchem Laboratories Corporation	-	-	-	-	994,384	-	974,693	1,969,077
Net liabilities assumed during reverse acquisition	-	-	-	-	(871,220)	-	-	(871,220)
Issuance of common shares during reverse acquisition	-	-	10,000,000	1,000	(1,000)	-	-	-
Balance, March 31, 2024	50,000,000	\$ 5,000	184,000,000	\$ 18,400	\$ 101,764	\$ 22,481	\$ 1,048,390	\$ 1,196,035
Net loss	-	-	-	-	-	(120,292)	(55,116)	(175,408)
Balance, June 30, 2024	50,000,000	\$ 5,000	184,000,000	\$ 18,400	\$ 101,764	\$ (97,811)	\$ 993,274	\$ 1,020,627

The accompanying notes to financial statements
are an integral part of these statements.

TRON PHARMACEUTICALS, INC.
STATEMENT OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	June 30,	
	2024	2023
Cash flows from operating activities		
Net income (loss)	\$ (77,428)	\$ -
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	158,079	-
Increase or decrease in:		
Accounts receivable	(96,098)	-
Accounts payable and accrued expenses	(37,742)	-
Contract liabilities	(112,595)	-
Total adjustments	(88,356)	-
Net cash provided by (used in) operating activities	<u>(165,784)</u>	<u>-</u>
Cash flows from financing activities		
Principal payments on debt	(27,024)	-
Advances from related parties	156,037	-
Proceeds from reverse merger	251,113	-
Net cash provided by (used in) financing activities	<u>380,126</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>214,342</u>	<u>-</u>
Cash and cash equivalents, beginning of period	198	-
Cash and cash equivalents, end of period	<u><u>\$ 214,540</u></u>	<u><u>\$ -</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest expense	\$ 63,483	
Noncash investing and financing activities		
Net liabilities assumed during reverse merger	\$ 871,220	\$ -
Consolidation of Alchem Laboratories Corporation	\$ 1,969,077	\$ -

The accompanying notes to financial statements
are an integral part of these statements.

TRON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of the more significant accounting policies of Tron Pharmaceuticals, Inc. (the “Company,” “we,” “our” or “us”) that affect the accompanying financial statements:

(a) ORGANIZATION AND OPERATIONS—TRON Group Inc. (“TRON”) was incorporated in the State of Nevada on October 20, 2015, as Plush Corp., and it is based in Las Vegas, Nevada. On November 3, 2016, a majority of stockholders and the board of directors approved a change of name from Plush Corp. to TRON Group Inc. TRON was a visual effects technology company negotiating agreements, partnerships, and mergers in that market space. We were also negotiating with additional opportunities in the technology space that were not confined to the entertainment industry space of visual effects. TRON believed that their business relationships in technology R&D would allow TRON to expand to additional industries and diversify risk to investors.

On March 3, 2020, certain TRON existing shareholders transferred 141,180,000 shares of their common stock representing 88% of TRON, to shareholders of Impression VFX Inc. (“VFX”), a company incorporated in Idaho. Post-acquisition, TRON had representation in the board of VFX. TRON and VFX were under common control as of December 29, 2019, and the operations of VFX were consolidated effective on the date of the transaction. The assets and liabilities of VFX were presented at their carrying values as of the date of common control.

On June 15, 2021, TRON entered into a Share Exchange Agreement with Allied Express Holdings Limited, a company formed under the laws of Hong Kong for the acquisition of 100% controlling interest in two operating entities: American Crypto Systems, Inc. (formerly Idaho Country Mining Company LLC) and Digital Engineering Group (AKA DZD Digital Technology (HK) Limited) in exchange for 14,000,000 shares of the Company’s restricted, unregistered common stock. TRON issued the shares for the acquisition; however, the transaction did not close due to unavailability of supporting financial information. The shareholders of Allied Express Holdings Limited subsequently returned the shares, which were resold to a third party in a private offering of 14,000,000 shares at par value. Subsequently, certain shareholders transferred 143,000,000 shares to Sunny Way Inc. and Hsiao-Wen Yang in a private transaction.

On April 8, 2022, the 143,000,000 shares of TRON’s common stock registered to Sunny Way Inc. and Hsiao-Wen Yang were sold to Nanosphere Holdings LLC for cash consideration of \$400,000, effecting a further change of control. Mr. James D. Talton, Ph.D. is the Member and Manager and beneficial owner of Nanosphere Holdings LLC.

Effective July 1, 2022, TRON entered into an agreement to terminate its common control / subsidiary relationship with Impression VFX Inc., including the extinguishment of a convertible note in exchange for the return of certain assets, and the termination of a service agreement.

Effective August 4, 2022, TRON’s board of directors approved Amended and Restated Articles of Incorporation (the “Articles”), whereunder the total number of shares of capital stock which TRON is authorized to issue is 550,000,000 shares, of which 500,000,000 shares is shares of Common Stock, par value \$0.0001 per share (the “Common Stock”), and 50,000,000 shares is shares of Class A Preferred Stock, par value \$0.0001 per share (the “Class A Preferred Stock”).

On August 5, 2022, TRON Group, Inc., a Nevada corporation (“TRON”), entered into an agreement and plan of merger and reorganization (the “Merger Agreement”), with Nanopharmaceutics, Inc., a privately held pharmaceutical development company incorporated in Florida (“Nanopharmaceutics”) merging with NANOP Acquisition Corp, Inc. (“NANOP”), a wholly-owned subsidiary of TRON (the “Merger”), with Nanopharmaceutics the surviving company. Following the consummation of the Merger, TRON changed its name to Nanopharmaceutics, Inc. and operates in the field of pharmaceutical development. The Merger is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Each of Nanopharmaceutics and TRON were majority controlled by Dr. James D. Talton at the time of the transaction. Pursuant to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each of Nanopharmaceutics’ outstanding shares of common stock were converted into five shares of TRON Class A preferred stock. No fractional shares of TRON Class A preferred stock were issued in connection with the Merger as a result of the conversion described above, and any fractional share of TRON Class A preferred stock that would thereby be issuable will be rounded up to the next whole share. The Merger Agreement provides that at, and immediately after, the Effective Time TRON’s Board of Directors (the “Board”)

TRON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

initially consisted of three directors. This Board was comprised of one director designated by Nanopharmaceutics and two directors designated by TRON. On August 8, 2022, each of Mr. Stephen Michael Griffith Jr. and Mr. Quoc Tuan (Jacob) Nguyen resigned their respective officer positions, and Nanopharmaceutics' current chief executive officer, and the controlling shareholder of TRON, Dr. James D. Talton, was appointed chief executive officer, president, secretary/treasurer and a director of TRON. Each of TRON Group and Nanopharmaceutics made customary representations, warranties and covenants in the Merger Agreement. The Merger was approved by a majority of the stockholders of TRON and unanimously by the stockholder of Nanopharmaceutics.

On August 12, 2022, TRON's debt owing to various related parties in the amount of \$104,955 were assumed by Nanopharmaceutics, Inc. and converted into a promissory note (the "Note"). Under the terms of the Note, TRON would make nine (9) equal payments of \$10,000 on the first of each month commencing August 15, 2022, with a final payment of \$14,955 on May 1, 2023. The note was unsecured and non-interest bearing.

On August 22, 2022, TRON Group Inc. changed its name in a State of Nevada Amendment to Nanopharmaceutics, Inc. On August 23, 2022, the Nanopharmaceutics, Inc. Board of Directors approved the merger of Nanopharmaceutics, Inc. and NANOP Acquisition Corp, its wholly owned subsidiary, with NANOP the surviving company. The merger was effective September 5, 2022 and as a result of the merger, Mr. Stephen Michael Griffith Jr. and Mr. Quoc Tuan (Jacob) Nguyen were removed as Directors with Dr. James D. Talton the remaining Director.

On February 16, 2024, Nanopharmaceutics, Inc. and Nanopharmaceutic Holdings, Inc., announced signing of a definitive agreement for the merger and reorganization combining Nanopharmaceutic Holdings, Inc. with NANOP Acquisition II, Inc. ("NANOP"), a wholly-owned Nanopharmaceutics, Inc. subsidiary, in an all-stock transaction. Before the transaction, Nanopharmaceutic Holdings, Inc. held a majority stake in Alchem Laboratories Corporation (subsidiary), a research and development company manufacturing products for clinical trials based in Florida. The combined company's headquarters are located in Alachua, Florida. The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Pursuant to the terms and conditions of the Agreement, at the effective time of the Merger (the "Effective Time"), each of Nanopharmaceutic Holdings, Inc. outstanding shares of common stock were converted into one share of Nanopharmaceutics, Inc. common stock. Each of the companies made customary representations, warranties and covenants in the Agreement and was approved by a majority of the stockholders of both companies. For financial reporting purposes, this acquisitions was a reverse acquisition of Nanopharmaceutics Inc. by Nanopharmaceutics Holdings, Inc. under the purchase method of accounting, and was treated as a recapitalization with Nanopharmaceutic Holdings Inc. as the accounting acquirer. Accordingly, the financial statements have been prepared to give retroactive effect of the reverse acquisition, and represent the operations of Nanopharmaceutic Holdings, Inc.

On June 17, 2024, Nanopharmaceutics, Inc. changed its name in a State of Nevada Amendment to TRON Pharmaceuticals, Inc. On June 21, 2024, Nanopharmaceutic Holdings, Inc. changed its name in a State of Nevada Amendment to Nanopharmaceutics, Inc., a wholly-owned subsidiary of TRON Pharmaceuticals, Inc. The majority stake in Alchem Laboratories Corporation (subsidiary) held by Nanopharmaceutic Holdings, Inc. was subsequently transferred to TRON Pharmaceuticals, Inc. (the "Company.")

(b) GOING CONCERN—The accompanying financial statements have been prepared to assume that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of June 30, 2024, the Company's revenues from operations are primarily attributed to a subsidiary of the Company and the amount of equity attributable to stockholders of the Company totals \$27,353. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The Company's continuation as a going concern is dependent upon the Company's ability to raise funds for research and development. The Company expects to continue to finance operations through the issuance of equity securities, debt instruments, loans and advances until profitable operations are achieved. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

TRON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(c) **BASIS OF PRESENTATION**—The consolidated financial statements include the Company and its subsidiaries, which have been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (“GAAP”) of the United States of America and are presented in US dollars. Certain subsidiaries that the Company consolidates are not wholly owned and are presented as noncontrolling interest within stockholders’ equity. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company’s year-end is December 31.

(d) **FINANCIAL INSTRUMENTS**—FASB ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”) establishes a framework for all fair value measurements and expands disclosures related to fair value measurement and developments. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 requires that assets and liabilities measured at fair value are classified and disclosed in one of the following three categories:

- Level 1—Quoted market prices for identical assets or liabilities in active markets or observable inputs;
- Level 2—Significant other observable inputs that can be corroborated by observable market data; and
- Level 3—Significant unobservable inputs that cannot be corroborated by observable market data.

The carrying amounts of cash, accounts payable and other liabilities, and long-term debt approximate fair value because of the short-term nature of these items.

(e) **CASH AND CASH EQUIVALENTS**—Cash and cash equivalents consist of cash and any highly liquid investments with an original purchased maturity of three months or less.

(f) **REVENUE AND COST RECOGNITION**—Revenues from commercial and certain governmental agencies’ fixed-price contracts are recognized over time and measured by the percentage of job costs incurred to date to the estimated total job costs for each contract. This method is used because management considers job costs incurred to be the best available measure of progress on these contracts. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the Company’s estimates of costs and revenues will change in the near term.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation costs. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

In the process of performing its contracts with its commercial customers, the Company considers each contract to be one performance obligation, unless the circumstances dictate otherwise. Revenue is recognized as the work is performed over time and it is arrived at by determining the amount of cost incurred as it relates to total estimated cost after giving effect to the most recent estimates of cost to complete. For contracts with multiple performance obligations, the Company allocates the contract’s transaction price to each performance obligation using the Company’s best estimate of the standalone selling price of each distinct good or service in the contract. Revenue from commercial contracts totaled \$126,722 during the quarter ended June 30, 2024, and \$407,788 for the six-month period ended June 30, 2024.

Revenues from cost-plus-fixed-fee contracts with governmental agencies are recorded as costs are incurred at an amount totaling the cost, plus margin included in the applicable contract. Incurred costs represent work performed, which corresponds with the transfer of control to the customer and satisfaction of related performance obligation. Contract costs include labor, material, and overhead. Revenues from governmental agencies associated with cost-plus-fixed-fee contracts of \$920,166 during the quarter ended June 30, 2024, and \$1,367,733 for the six-month period ended June 30, 2024.

TRON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(g) **PROPERTY AND EQUIPMENT**—Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of buildings and leasehold improvements range from seven to forty years. The estimated useful lives of office furniture and equipment range from five to thirteen years.

(h) **LEASES**—The Company leases storage facilities. The Company determines if an arrangement is a lease at inception. The Company has elected to apply the short-term lease exemption to storage rentals. The short-term lease cost recognized and disclosed for those leases in 2024 is \$3,735. There are no remaining lease payments due in 2024.

(i) **ACCOUNTS RECEIVABLE**—Accounts receivable are stated at their estimated collectible amounts. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial conditions. Based on its history of past write-offs, collections and current conditions, current relationships, economic conditions, and reasonable and supportive forecasts, management has concluded that realization losses on balances outstanding at year end will not be material. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction to accounts receivable. Based on management's assessment of expected losses on balances outstanding at June 30, 2024, there was no allowance for credit losses.

(j) **INVENTORY**—Inventory is stated at the lower of cost or net realizable value and consists of supplies and materials used in chemical development and manufacturing.

(k) **RESEARCH AND DEVELOPMENT COSTS**—Research and development costs are expensed as incurred.

(l) **INCOME TAXES**—Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In addition, tax benefits related to positions considered uncertain are recognized only when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions shall initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

(m) **COMMITMENTS AND CONTINGENCIES**—The Company follows ASC 450-20, "Loss Contingencies," to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

(n) **NET LOSS PER COMMON SHARE**—The Company computes net income (loss) per share in accordance with ASC 260, "Earnings per Share" which requires the presentation of both basic and diluted earnings per share (EPS) on the face of the statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive. The Company does not currently have any outstanding stock options or warrants.

TRON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(o) **USE OF ESTIMATES**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company's most significant estimate relates to deferred tax valuation allowance. Although management bases its estimates on historical experience and assumptions that are believed to be reasonable under the circumstances, actual results could significantly differ from these estimates.

(p) **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**—Management has considered all recent accounting pronouncements and management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

(2) CONCENTRATIONS OF CREDIT RISK:

DEMAND DEPOSITS—We maintain bank accounts in Federal credit unions and other financial institutions, which are insured up to the Federal Deposit Insurance Corporation limits. The bank accounts may exceed federally insured levels; however, we have not experienced any losses in such accounts.

ACCOUNTS RECEIVABLE—The majority of the Company's business activity is with customers located within the United States. The Company has no policy requiring collateral or security to support its receivables. Approximately 95% of accounts receivable were due from the federal government as of June 30, 2024.

REVENUE—In the ordinary course of business, the Company derives revenues from various customers. The Company had two major customers whose business generated nearly 100% total revenues for the quarter and six-month periods ended June 30, 2024. Approximately 88% and 77% were from the federal government for the quarter and six-month periods ended June 30, 2024, respectively.

(3) CONTRACT ASSETS AND LIABILITIES:

Information with respect to contracts in process is as follows at June 30, 2024:

Costs incurred to date on contracts in progress	\$ 183,674
Estimated gross profits to date	258,070
Contract revenue earned to date	<u>441,744</u>
Billings applicable thereto	521,504
	<u>\$ (79,760)</u>

Included in accompanying balance sheets under the following captions:

Contract assets	\$ -
Contract liabilities	(79,760)
	<u>\$ (79,760)</u>

TRON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(4) PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30, 2024:

Building and improvements	\$ 4,990,412
Office furniture and equipment	85,904
Machinery and equipment	1,874,944
Land	266,121
	<u>7,217,381</u>
Accumulated depreciation	<u>(2,463,359)</u>
Total property and equipment	<u><u>\$ 4,754,022</u></u>

Depreciation expense totaled \$79,285 and \$158,079 for the quarter and six-month periods ended June 30, 2024, respectively.

(5) LONG-TERM DEBT:

Long-term debt consists of the following at June 30, 2024:

Note payable with monthly payments of \$8,221, including interest at the prime rate plus 2% adjusted annually, collateralized by real estate, equipment, and a life insurance policy on the Company's stockholder, maturing in December 2041.	\$ 794,025
Note payable with monthly payments of \$7,272, including interest at 5.13%, collateralized by real estate, maturing in January 2046.	1,245,200
Note payable with monthly payments of \$5,005, including interest at 1.58%, collateralized by real estate, maturing in September 2046. Prepayment penalties range from 0.15% to 1.56%. No prepayment premium after the tenth year.	925,937
Total notes payable	<u>2,965,162</u>
Less: Unamortized debt issuance costs	73,635
Less: Current portion	87,832
Notes payable, less current portion and unamortized debt issuance costs	<u><u>\$ 2,803,695</u></u>

TRON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(5) LONG-TERM DEBT (CONTINUED):

Maturities on long-term debt for each of the next five years and thereafter are as follows:

<u>12 Months Ending June 30,</u>	<u>Amount</u>
2024	\$ 87,832
2025	91,801
2026	96,055
2027	100,616
2028	105,515
Thereafter	2,483,343
Total	<u>\$ 2,965,162</u>

(6) RETIREMENT PLAN:

A subsidiary of the Company sponsors a Safe Harbor 401(k) plan that is available to all employees who have satisfied certain eligibility requirements. Employee contributions are discretionary. Employees can contribute up to 4% of compensation as an elective deferral. These elective deferrals will be matched by the subsidiary at 25% of the deferral amount. The subsidiary made employer contributions of \$3,320 and \$4,980 for the quarter and six-month periods ended June 30, 2024, respectively.

(7) PREFERRED STOCK:

Effective August 4, 2022, TRON's board of directors approved Amended and Restated Articles of Incorporation (the "Articles"), whereunder the total number of shares of capital stock which the Company is authorized to issue is 550,000,000 shares, of which 500,000,000 shares shall be shares of Common Stock, par value \$0.0001 per share (the "Common Stock"), and 50,000,000 shares shall be shares of Class A Preferred Stock, par value \$0.0001 per share (the "Class A Preferred Stock").

(8) RELATED PARTY TRANSACTIONS:

On December 6, 2022, the Company and Nanosphere Holdings, LLC, executed a line of credit agreement to provide a maximum borrowing up to \$1,000,000, which matures in December 2025. Amounts outstanding under the agreement shall accrue interest at 3% per annum, which is payable semi-annually. Principal and accrued interest totaling \$899,890 and \$41,102, respectively, are included in the balance sheet as due to related parties at June 30, 2024. Additionally, a stockholder of the Company advances monies to the Company under a verbal agreement totaling \$269,000 at June 30, 2024, with no set repayment terms or specified interest rate.

Effective June 30, 2022, the Company entered into various license agreements for the exclusive rights to technology owned by an entity related through common ownership. Under each agreement, the Company shall develop and commercialize the technologies with a nominal upfront license fee. Upon commercialization of the related technology, however, the Company is liable for royalties due to the related company in an amount totaling 25% of sales for a period of up to 10 years.

TRON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(9) COMMITMENTS AND CONTINGENCIES:

From time to time, the Company is a party to claims and legal proceedings arising in the ordinary course of business. Our management evaluates our exposure to these claims and proceedings individually and in the aggregate and records an expense for potential losses on such litigation if it is possible to estimate the amount of loss and if the amount of the loss is probable.