REFINITIV

# DELTA REPORT

## 10-Q

SBFM - SUNSHINE BIOPHARMA, INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

| | |
|---|---|
| TOTAL DELTAS | 830 |
| CHANGES | 154 |
| DELETIONS | 333 |
| ADDITIONS | 343 |





REFINITIV

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# FORM 10-Q

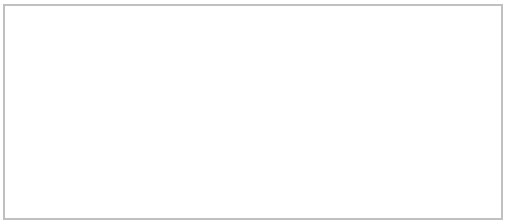
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: **September 30, 2023 March 31, 2024**

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

For the transition period from to

Commission File Number: 001-41282



**SUNSHINE BIOPHARMA, INC.**
(Exact name of registrant as specified in its charter)

| **Colorado** | **20-5566275** |
|---|---|
| (State of other jurisdiction of incorporation) | (IRS Employer ID No.) |

**6500 Trans-Canada Highway 1177 Avenue of the Americas**
**4th 5th Floor**
**Pointe-Claire New York, Quebec, Canada NY H9R 0A5 10036**
(Address of principal executive offices)

**((514) 332) 426-6161 216-1177**
(Issuer's Telephone Number)

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

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|---|---|---|
| Common Stock | SBFM | The NASDAQ Stock Market LLC |
| Common Stock Purchase Warrants | SBFMW | The NASDAQ Stock Market LLC |

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

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

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

| | |
|---|---|
| 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

The number of shares of the registrant’s common stock, par value $0.001, issued and outstanding as of November 13, 2023 May 17, 2024, was 25,678,290 18,945,052 shares.

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## PART I. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

**Sunshine Biopharma, Inc.**
**Consolidated Balance Sheets**

| | March 31, 2024 (Unaudited) | December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 17,434,208 | $ 16,292,347 |
| Accounts receivable | 2,827,720 | 2,552,362 |
| Inventory | 7,697,906 | 5,734,755 |
| Prepaid expenses | 871,390 | 310,591 |
| Total Current Assets | 28,831,224 | 24,890,055 |
| Property & equipment | 401,642 | 365,868 |
| Intangible assets | 2,065,603 | 1,444,259 |
| Right-of-use-asset | 600,248 | 646,779 |
| **TOTAL ASSETS** | $ 31,898,717 | $ 27,346,961 |
| | | |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts payable & accrued expenses | $ 3,615,205 | $ 2,585,466 |
| Earnout payable | 2,547,831 | 2,547,831 |
| Income tax payable | 254,971 | 299,869 |
| Right-of-use-liability | 115,398 | 118,670 |
| Total Current Liabilities | 6,533,405 | 5,551,836 |
| Long-Term Liabilities: | | |
| Deferred tax liability | 48,729 | 48,729 |
| Right-of-use-liability | 496,968 | 539,035 |
| Total Long-Term Liabilities | 545,697 | 587,764 |
| **TOTAL LIABILITIES** | 7,079,102 | 6,139,600 |
| | | |
| **SHAREHOLDERS' EQUITY** | | |
| Preferred Stock Series B $0.10 par value per share; 1,000,000 shares authorized; 130,000 and 10,000 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively | 13,000 | 1,000 |
| Common Stock $0.001 par value per share; 3,000,000,000 shares authorized; 994,529 and 280,243 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively | 995 | 28,024 |
| Capital paid in excess of par value | 89,842,680 | 84,387,890 |
| Accumulated comprehensive income | 152,400 | 696,105 |
| Accumulated (Deficit) | (65,189,459) | (63,905,658) |
| **TOTAL SHAREHOLDERS' EQUITY** | 24,819,615 | 21,207,361 |
| | | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $ 31,898,717 | $ 27,346,961 |

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 18,846,140 | $ 21,826,437 |
| Accounts receivable | 2,034,119 | 1,912,153 |
| Inventory | 4,517,044 | 3,289,945 |
| Prepaid expenses | 37,556 | 283,799 |
| Total Current Assets | 25,434,859 | 27,312,334 |
| | | |
| Property and equipment | 334,922 | 394,249 |
| Intangible assets | 1,216,207 | 776,856 |
| Right-of-use-asset | 664,296 | 760,409 |
| **TOTAL ASSETS** | $ 27,650,284 | $ 29,243,848 |
| | | |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | $ 2,220,870 | $ 2,802,797 |
| Earnout payable | 2,547,831 | 3,632,000 |
| Income tax payable | 201,541 | 373,191 |
| Right-of-use-liability | 117,840 | 123,026 |
| Total Current Liabilities | 5,088,082 | 6,931,014 |
| | | |
| Long-Term Liabilities: | | |
| Deferred tax liability | 43,032 | 43,032 |
| Right-of-use-liability | 555,687 | 642,232 |
| Total Long-Term Liabilities | 598,719 | 685,264 |
| **TOTAL LIABILITIES** | 5,686,801 | 7,616,278 |
| | | |
| **SHAREHOLDERS' EQUITY** | | |
| Preferred Stock, Series B $0.10 par value per share; 1,000,000 shares authorized; 10,000 Shares issued and outstanding | 1,000 | 1,000 |
| Common Stock, $0.001 par value per share; 3,000,000,000 shares authorized; 25,678,290 and 22,585,632 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively | 25,678 | 22,585 |
| Capital paid in excess of par value | 84,387,890 | 80,841,752 |
| Accumulated comprehensive income | 204,549 | 161,847 |
| Accumulated (Deficit) | (62,655,634) | (59,399,614) |
| **TOTAL SHAREHOLDERS' EQUITY** | 21,963,483 | 21,627,570 |
| | | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $ 27,650,284 | $ 29,243,848 |

See Accompanying Notes To These Unaudited Financial Statements

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

**Sunshine Biopharma, Inc.**
**Consolidated Statements of Operations and Comprehensive Loss (Unaudited)**

| | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Sales | $ 7,541,046 | $ 4,894,053 |
| Cost of sales | 5,186,709 | 3,065,931 |
| Gross profit | 2,354,337 | 1,828,122 |
| | | |
| General & Administrative Expenses: | | |
| Accounting | 352,006 | 169,750 |
| Consulting | 47,401 | 131,615 |
| Director fees | 100,000 | 100,000 |
| Legal | 221,998 | 107,449 |
| Marketing | 198,046 | 127,913 |
| Office | 911,211 | 482,458 |
| Patent fees | – | 6,308 |
| R&D | 222,033 | 432,925 |
| Salaries | 1,533,712 | 2,000,257 |
| Taxes | 75,901 | 63,718 |
| Depreciation & amortization | 42,618 | 34,710 |
| Total General & Administrative Expenses | 3,704,926 | 3,657,103 |
| | | |
| (Loss) From Operations | (1,350,589) | (1,828,981) |
| | | |
| Other Income: | | |
| Foreign exchange | (5,767) | 15 |
| Interest income | 144,089 | 213,881 |
| Interest expense | (49,181) | (41,075) |
| Total Other Income | 89,141 | 172,821 |
| | | |
| Net (loss) before income taxes | (1,261,448) | (1,656,160) |
| Provision for income taxes | 22,353 | 46,270 |
| Net (Loss) | (1,283,801) | (1,702,430) |
| | | |
| Foreign exchange translation | (543,705) | 11,160 |
| Comprehensive (Loss) | (1,827,506) | (1,691,270) |
| | | |
| Basic and diluted (Loss) per common share | $ (2.00) | $ (7.73) |
| Weighted average common shares outstanding (basic & diluted) | 641,310 | 220,363 |

| | 3 Months Ended September 30, | | 9 Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |

| | | | | |
|---|---|---|---|---|
| Sales | $ 5,957,668 | $ 132,808 | $ 16,412,586 | $ 405,760 |
| Cost of sales | 3,967,412 | 65,783 | 10,641,461 | 200,311 |
| Gross profit | 1,990,256 | 67,025 | 5,771,125 | 205,449 |
| | | | | |
| General and Administrative Expenses: | | | | |
| Accounting | 56,350 | 122,913 | 301,381 | 237,773 |
| Consulting | 221,781 | 162,852 | 745,850 | 270,033 |
| Director fees | 100,000 | 100,000 | 300,000 | 200,000 |
| Legal | 133,302 | 146,467 | 392,874 | 403,386 |
| Marketing | 241,897 | 217,666 | 502,987 | 400,386 |
| Office | 544,215 | 76,818 | 1,422,058 | 449,730 |
| R&D | 238,012 | 362,500 | 1,039,502 | 770,095 |
| Salaries | 1,144,377 | 595,000 | 4,344,801 | 1,105,000 |
| Taxes | 52,586 | – | 212,953 | – |
| Depreciation | 37,210 | 789 | 106,797 | 6,186 |
| Total General and Administrative Expenses: | 2,769,730 | 1,785,005 | 9,369,203 | 3,842,589 |
| | | | | |
| (Loss) from operations | (779,474) | (1,717,980) | (3,598,078) | (3,637,140) |
| | | | | |
| Other Income (Expense): | | | | |
| Foreign exchange | 40 | 25 | (206) | 45 |
| Interest income | 207,431 | 260,938 | 624,361 | 406,984 |
| Debt release | – | – | – | 10,852 |
| Interest expense | (38,527) | (2) | (107,198) | (12,866) |
| Total Other Income (Expense) | 168,944 | 260,961 | 516,957 | 405,015 |
| | | | | |
| Net (loss) before income taxes | (610,530) | (1,457,019) | (3,081,121) | (3,232,125) |
| Provision for income taxes | (40,952) | – | (174,899) | – |
| Net (Loss) | $ (651,482) | $ (1,457,019) | $ (3,256,020) | $ (3,232,125) |
| | | | | |
| Gain (Loss) from foreign exchange translation | (460,507) | (45,126) | 42,702 | (56,764) |
| Comprehensive (Loss) | $ (1,111,989) | $ (1,502,145) | $ (3,213,318) | $ (3,288,889) |
| | | | | |
| Basic (Loss) per common share | $ (0.04) | $ (0.08) | $ (0.133) | $ (0.26) |
| | | | | |
| Weighted Average Common Shares Outstanding (Basic and Diluted) | 25,690,449 | 18,885,632 | 24,507,122 | 12,789,733 |

See Accompanying Notes To These Unaudited Financial Statements

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

**Sunshine Biopharma, Inc.**
**Consolidated Statements of Cash Flows (Unaudited)**

| | September 30, 2023 | September 30, 2022 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Net (Loss) | $ (3,256,020) | $ (3,232,125) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 106,794 | 6,186 |
| Foreign exchange | (374) | 45 |
| Debt release | – | (10,852) |
| Accounts receivable | (118,482) | 7,776 |
| Inventory | (1,221,112) | (163,991) |
| Prepaid expenses | 247,977 | 2,235 |
| Accounts payable and accrued expenses | (587,973) | 437,267 |
| Income tax payable | (172,076) | – |
| Interest payable | (1,084,169) | (48,287) |
| **Net Cash Flows (Used) in Operations** | (6,085,435) | (3,001,746) |
| | | |
| **Cash Flows From Investing Activities:** | | |
| Reduction in Right-of-use asset | 97,498 | – |
| Purchase of intangible assets | (19,804) | – |
| Purchase of equipment | (464,614) | – |
| **Net Cash Flows (Used) in Investing Activities** | (386,920) | – |
| | | |
| **Cash Flows From Financing Activities:** | | |
| Common stock issued | 4,089,218 | 43,560,363 |
| Exercise of warrants | 1,156 | – |
| Purchase of treasury stock | (541,143) | (99,000) |
| Lease liability | (93,125) | – |
| Payments of notes payable | – | (1,900,000) |
| **Net Cash Flows Provided by Financing Activities** | 3,456,106 | 41,561,363 |
| | | |
| **Cash and Cash Equivalents at Beginning of Period** | 21,826,437 | 2,045,167 |
| Net increase (decrease) in cash and cash equivalents | (3,016,249) | 38,559,617 |
| Effect of exchange rate changes on cash | – | (105,617) |
| Foreign currency translation adjustment | 35,952 | 56,764 |
| **Cash and Cash Equivalents at End of Period** | $ 18,846,140 | $ 40,555,931 |
| | | |
| **Supplementary Disclosure of Cash Flow Information:** | – | – |
| Cash paid for interest | $ – | $ 61,151 |
| Cash paid for income taxes | $ – | $ – |

| | March 31, 2024 | March 31, 2023 |
|---|---|---|

| | | |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Net (Loss) | $ (1,283,801) | $ (1,702,430) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 42,618 | 34,710 |
| Stock issued for services | 12,000 | – |
| Accounts receivable | (536,261) | 135,891 |
| Inventory | (2,100,281) | (417,318) |
| Prepaid expenses | (568,981) | 129,849 |
| Accounts Payable & accrued expenses | 1,293,372 | (73,661) |
| Income tax payable | (43,824) | 42,853 |
| **Net Cash Flows (Used In) Operating Activities** | (3,185,159) | (1,850,106) |
| | | |
| **Cash Flows From Investing Activities:** | | |
| Reduction in right-of-use asset | 31,066 | 32,934 |
| Cash from Nora Pharma acquisition | – | (1,135) |
| Purchase of intangible assets | (636,865) | (178,395) |
| Purchase of equipment | (62,937) | 293 |
| **Net Cash Flows (Used In) Investing Activities** | (668,736) | (146,303) |
| | | |
| **Cash Flows From Financing Activities:** | | |
| Proceeds from public offering net (common stock) | 8,522,411 | – |
| Exercise of warrants | 45,000 | – |
| Purchase of treasury stock | (3,139,651) | (506,822) |
| Lease liability | (29,611) | (31,477) |
| **Net Cash Flows Provided by Financing Activities** | 5,398,149 | (538,299) |
| | | |
| **Cash and Cash Equivalents at Beginning of Period** | 16,292,347 | 21,826,437 |
| Net increase (decrease) in cash and cash equivalents | 1,544,254 | (2,534,708) |
| Effect of exchange rate changes on cash | 141,312 | 2,489 |
| Foreign currency translation adjustment | (543,705) | – |
| **Cash and Cash Equivalents at End of Period** | $ 17,434,208 | $ 19,294,218 |
| | | |
| **Supplementary Disclosure of Cash Flow Information:** | | |
| Cash paid for income taxes | $ 956,012 | $ – |
| Stock issued for services | $ 12,000 | $ – |

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

See Accompanying Notes To These Unaudited Financial Statements

**Sunshine Biopharma, Inc.**

## Consolidated Statement of Shareholders' Equity (Unaudited)

| Three Months Period | Number of Common Shares Issued | Common Stock | Capital Paid in Excess of Par Value | Treasury Stock | Number of Preferred Shares Issued | Preferred Stock | Compre-hensive Income | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance December 31, 2022** | 225,856 | $ 226 | $ 80,864,111 | $ – | 10,000 | $ 1,000 | $ 161,847 | $ (59,399,614) | $ 21,627,570 |
| Repurchase Stock | (4,457) | (4) | (506,818) | – | – | – | – | – | (506,822) |
| Net (loss) | – | – | – | – | – | – | 11,160 | (1,702,430) | (1,691,270) |
| **Balance at March 31, 2023** | 221,399 | $ 222 | $ 80,357,293 | $ – | 10,000 | $ 1,000 | $ 173,007 | $ (61,102,044) | $ 19,429,478 |
| **Balance December 31, 2023** | 280,243 | $ 280 | $ 84,415,634 | $ – | 10,000 | $ 1,000 | $ 696,105 | $ (63,905,658) | $ 21,207,361 |
| Preferred Stock issued to related party | – | – | – | – | 120,000 | 12,000 | – | – | 12,000 |
| Common stock and pre-funded warrants issued in an underwritten public offering, net of issuance costs | 264,286 | 265 | 8,522,146 | – | – | – | – | – | 8,522,411 |
| Exercise of warrants | 450,000 | 450 | 44,550 | – | – | – | – | – | 45,000 |
| Repurchase warrants | – | – | (3,139,651) | – | – | – | – | – | (3,139,651) |
| Net (loss) | – | – | – | – | – | – | (543,705) | (1,283,801) | (1,827,506) |
| **Balance at March 31, 2024** | 994,529 | $ 995 | $ 89,842,679 | $ – | 130,000 | 13,000 | $ 152,400 | $ (65,189,459) | 24,819,615 |

| | Number Of Common Shares Issued | Common Stock | Capital Paid in Excess of Par Value | Number Of Preferred Shares Issued | Preferred Stock | Comprehensive Income | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|---|
| **Three Month Period Ended September 30, 2023** | | | | | | | | |
| Balance at June 30, 2023 | 25,746,302 | $ 25,746 | $ 84,422,143 | 10,000 | $ 1,000 | $ 665,056 | $ (62,004,152) | $ 23,109,793 |
| Repurchase stock | (68,012) | (68) | (34,253) | – | – | – | – | – |
| Net (loss) | – | – | – | – | – | (460,507) | (651,482) | (1,111,989) |
| **Balance at September 30, 2023** | 25,678,290 | $ 25,678 | $ 84,387,890 | 10,000 | $ 1,000 | $ 204,549 | $ (62,655,634) | $ 21,963,483 |
| **Nine Month Period Ended September 30, 2023** | | | | | | | | |
| Balance December 31, 2022 | 22,585,632 | $ 22,585 | $ 80,841,752 | 10,000 | $ 1,000 | $ 161,847 | $ (59,399,614) | $ 21,627,570 |
| Repurchase of common stock | (513,723) | (514) | (540,629) | – | – | – | – | – |
| Common stock and pre-funded warrants issued in a private offering | 2,450,000 | 2,451 | 4,086,767 | – | – | – | – | 4,089,218 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Exercise of warrants | 1,156,381 | 1,156 | – | – | – | – | – | 1,156 |
| Net (loss) | – | – | – | – | – | 42,702 | (3,256,020) | (3,213,318) |
| **Balance at September 30, 2023** | 25,678,290 | $ 25,678 | $ 84,387,890 | 10,000 | $ 1,000 | $ 204,549 | $ (62,655,634) | $ 21,963,483 |
| **Three Month Period Ended September 30, 2022** | | | | | | | | |
| Balance at June 30, 2022 | 18,885,632 | $ 18,886 | $ 76,331,451 | 10,000 | $ 1,000 | $ (34,777) | $ (34,430,280) | $ 41,886,280 |
| Net (loss) | – | – | – | – | – | (45,126) | (1,457,019) | (1,502,145) |
| **Balance at September 30, 2022** | 18,885,632 | $ 18,886 | $ 76,331,451 | 10,000 | $ 1,000 | $ (79,903) | $ (35,887,299) | $ 40,384,135 |
| **Nine Month Period Ended September 30, 2022** | | | | | | | | |
| Balance December 31, 2021 | 2,595,620 | $ 2,596 | $ 32,787,379 | 1,000,000 | $ 100,000 | $ (23,139) | $ (32,655,174) | $ 211,662 |
| Common stock and pre-funded warrants issued in public offering | 6,656,526 | 6,657 | 30,360,528 | – | – | – | – | 30,367,185 |
| Exercise of warrants | 9,633,486 | 9,633 | 13,183,544 | – | – | – | – | 13,193,177 |
| Preferred stock purchased from related party | – | – | – | (990,000) | (99,000) | – | – | (99,000) |
| Net (loss) | – | – | – | – | – | (56,764) | (3,232,125) | (3,288,889) |
| **Balance at September 30, 2022** | 18,885,632 | $ 18,886 | $ 76,331,451 | 10,000 | $ 1,000 | $ (79,903) | $ (35,887,299) | $ 40,384,135 |

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

See Accompanying Notes To These Unaudited Financial Statements

**Sunshine Biopharma, Inc.**
**Notes to Unaudited Consolidated Financial Statements**
**For the Nine Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023**

## Note 1 – Description of Business

The Company was originally incorporated under the name Mountain West Business Solutions, Inc. on August 31, 2006, in the State of Colorado. Effective October 15, 2009, the Company acquired Sunshine Biopharma, Inc. in a transaction classified as a reverse acquisition. Upon completion of the reverse acquisition transaction, the Company changed its name to Sunshine Biopharma, Inc. and began operating as a pharmaceutical company.

In addition to conducting its own drug development activities, Sunshine Biopharma operates two wholly owned subsidiaries: (i) Nora Pharma Inc. ("Nora Pharma"), a Canadian corporation with a portfolio of pharmaceutical products consisting of 51 52 generic prescription drugs on the market in Canada, and (ii) Sunshine Biopharma Canada Inc. ("Sunshine Canada"), a Canadian corporation which develops and sells nonprescription over-the-counter ("OTC") products. In addition to the 51 generic prescription drugs currently on the market in Canada, the Company has 32 additional generic prescription drugs scheduled to be launched in 2024 and 2025 in Canada.

The Company has determined that it has two reportable segments:

- Prescription Generic Pharmaceuticals ("Generic Pharmaceuticals")
- Nonprescription Over-The-Counter Products ("OTC Products")

Through December 31, 2022 and as of September 30, 2023 March 31, 2024, sales from the Generic Pharmaceuticals segment represented approximately 97% of total revenues of the Company while the remaining approximately 3% was generated from the sale of OTC Products. Based on these results, the Company deems segmentation reporting to be immaterial at September 30, 2023 March 31, 2024.

The Company is not subject to material customer concentration risks as it sells its products directly to pharmacies in several Canadian Provinces. Provincial governments provinces. However, in Canada provincial governments reimburse patients for their prescription drugs expenditures to various degrees under drug reimbursement programs, making generic drugs prices highly dependent on government regulations governmental policies which may change over time. The most recent negotiations between the pan-Canadian Pharmaceutical Alliance and the Canadian Generic Pharmaceutical Association have resulted in updated generic pricing for certain products which took effect on October 1, 2023. The updated prices are valid for three years and the agreement contains an option to extend may be extended for an additional two years. On February 29, 2024, the Canadian federal government tabled new drug reimbursement legislation, a bill known as PharmaCare which, if passed, would result in a single-payer program whereby the Canadian federal government would pay for the drugs sold in Canada rather than the Provinces.

In addition, the Company is engaged in the development of the following proprietary drugs:

- Adva-27a, a small chemotherapy molecule for treatment of pancreatic cancer (IND-enabling studies were paused on November 2, 2023 due to unfavorable results. See *Note 13 – Subsequent Events*) results)
- K1.1 mRNA, a lipid nano-particle (LNP) targeted for liver cancer
- SBFM-PL4, a protease inhibitor for treatment of Coronavirus infections

## Note 2 – Basis of Presentation

The unaudited financial statements of the Company for the nine three months periods ended September 30, 2023 March 31, 2024 and 2022 2023 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. However, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for the fair presentation of the financial position and the results of operations. Results shown for interim periods are not necessarily indicative of the results to be obtained for a full fiscal year. The balance sheet information as of December 31, 2022 December 31, 2023, was derived from the audited financial statements included in the Company's financial statements as of and for the year ended December 31, 2022 December 31, 2023, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on April 4, 2023 March 28, 2024. These financial statements should be read in conjunction with that report.

On April 17, 2024, the Company completed a 1-for-100 reverse split of its common stock (the "Reverse Split"). The share amounts, warrants, and related parameters specified in this report have been adjusted to reflect the Reverse Split on a retroactive basis.

## Note 3 – Private Placement Underwritten Public Offering

On May 16, 2023 February 15, 2024, the Company completed a private placement pursuant to a securities purchase agreement with a single institutional investor an underwritten public offering for gross proceeds of approximately $5 10 million, before deducting fees to the placement agent underwriter and other offering expenses payable by the Company. The net proceeds received by the Company were $4,089,218 8,522,411.

In connection The offering consisted of 714,286 Units, consisting of (i) 264,286 Common Units, with the private placement, the Company issued (i) 2,450,000 shares each Common Unit consisting of common stock, (ii) 3,502,381 pre-funded warrants (the "May Pre-Funded Warrants"), and (iii) investor warrants (the "May Investor Warrants") to purchase up to 11,904,762 shares of common stock at $0.59 per share. Each one share of common stock, one-tenth of a Series A warrant to purchase one share of common stock ("Series A Warrant") and accompanying two May Investor Warrants were sold together at two-tenths of a combined Series B warrant to purchase one share of common stock ("Series B Warrant"), and (ii) 450,000 Pre-Funded Units, with each Pre-Funded Unit consisting of one pre-funded warrant to purchase one share of common stock ("Pre-Funded Warrants"), one-tenth of a Series A Warrant and two-tenths of a Series B Warrant. The public offering price of $0.84 was $14.00 per Common Unit and each May $13.9 per Pre-Funded Warrant and accompanying two May Investor Unit. The Pre-Funded Warrants were sold together at a combined offering have an exercise price of $0.839. $0.10 per share. The May Pre-Funded Warrants are immediately exercisable at a nominal exercise price of $0.001, and may be exercised at any time until all of the May Pre-Funded Warrants are exercised in full. The May Investor Warrants which have an initial exercise price of $0.59 each Series A Warrant is $210.00 per share (subject of common stock or pursuant to adjustment as set forth therein), an alternative cashless exercise option. Under the alternative cashless exercise provision, which became effective following stockholder approval in March 2024, each Series A Warrant is exercisable on a cashless basis for two shares of common stock. The Series A Warrants are exercisable upon immediately and expire 30 months after the initial issuance date. The initial exercise price of each Series B Warrant is $238.00 per share of common stock. The Series B Warrants are exercisable immediately and expire 60 months after the initial issuance date.

In addition (effective following the stockholder approval), the Series A Warrants and Series B Warrants included a provision under which, following a reverse split of the common stock, the exercise price will expire be adjusted to the lowest volume weighted average price ("VWAP") for the five trading days immediately preceding and a half years from immediately following the date of issuance. reverse stock split, and the number of shares issuable upon exercise of the Series A Warrants or Series B Warrants will be adjusted such that the aggregate exercise price of the Series A Warrants or Series B Warrants will remain unchanged. The Series B Warrants do not include an alternate cashless exercise provision and can only be exercised for cash so long as the Company's registration statement for such warrants and underlying shares remains effective. As a result of September 30, 2023 the Reverse Split, the exercise price of the Series A Warrants has been reduced to $1.026 and the number of Series A Warrants has been increased

to 16,319,444. Also as a result of the Reverse Split, the exercise price of Series B Warrants was reduced to $1.026 and the number of Series B Warrants increased to 36,990,739.

In addition, the Company granted the underwriter, Aegis Capital Corp. ("Aegis"), a 45-day option to purchase up to an additional 15% of the total number of shares of common stock and/or Pre-Funded Warrants and/or Series A Warrants and/or Series B Warrants sold in the offering, solely to cover overallotments, if any. On February 15, 2024, Aegis partially exercised its over-allotment option for a total of 1,156,381 8,304May Series A Warrants and 16,607 Series B Warrants.

As of March 31, 2024, all of the Pre-Funded Warrants, and no May Investor Warrants consisting of 450,000 warrants in total, have been exercised. exercised resulting in the Company issuing 450,000 shares of common stock and receiving net proceed of $45,000. The net proceeds received from following table sets forth the exercise of May Pre-Funded Warrants were $ outstanding warrants, as adjusted, issued in connection with this offering at March 31, 2024:1,156.

| Security Type | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| Series A Warrants | 16,319,444* | $1.026* | August 2026 |
| Series B Warrants | 36,990,739* | $1.026* | February 2029 |

* As adjusted and subject to further adjustments per the Warrant Agreements.

## Note 4 – Acquisition of Nora Pharma Inc.

On October 20, 2022, the Company acquired all of the issued and outstanding shares of Nora Pharma Inc. ("Nora Pharma"), a Canadian privately held pharmaceutical company. The purchase price for the shares was $18,860,637 (USD), $14,346,637 of which was paid in cash and the remainder was paid through the issuance of 3,700,000 37,000 shares of the Company's common stock valued at $4,514,000 or $1.22 $122.00 per share. Nora Pharma sells generic pharmaceutical products in Canada. Nora Pharma's operations are authorized by a Drug Establishment License issued by Health Canada.

The following table summarizes the allocation of the purchase price as of October 20, 2022, the acquisition date using Nora Pharma's balance sheet assets and liabilities:

| | | |
|---|---|---|
| Accounts receivable | $ | 1,358,121 |
| Inventory | | 3,181,916 |
| Intangible assets | | 659,571 |
| Equipment & furniture | | 210,503 |
| Other assets | | 1,105,093 |
| Total assets | | 6,515,204 |
| Liabilities assumed | | (5,981,286) |
| Net assets | | 533,918 |
| Goodwill | | 18,326,719 |
| Total Consideration | $ | 18,860,637 |

The value of the 3,700,000 37,000 common shares issued as part of the consideration paid for Nora Pharma was determined based on the closing market price of the Company's common shares on the acquisition date, October 20, 2022 ($1.22 122.00 per share).

The Company impaired 100% of the goodwill amount in 2022 and plans to depreciate the intangible assets as detailed in Note 5 below.

As part of the consideration paid for Nora Pharma, the Company agreed to a $5,000,000 CAD ($3,632,000 USD) earnout earn-out amount payable to Mr. Malek Chamoun, the Seller of Nora Pharma. The earnout is payable in the form of twenty (20) payments of $250,000 CAD for every $1,000,000 CAD increase in gross sales (as defined in the Purchase Agreement) above Nora Pharma's June 30, 2022 gross sales, provided that his employment with the Company is not terminated pursuant to the Company's employment agreement with him. The total earnout earn-out amount of $3,632,000 has been recorded as a salary payable. During the nine-month period fiscal year ended September 30, 2023 December 31, 2023, the Company paid an earn-out amount of $1,084,169 leaving a balance for the fiscal year ended December 31, 2022. On April 22, 2024, the Company paid an earn-out to be paid amount of $2,547,831 3,093,878 at September 30, 2023. CAD (approximately $2,291,761
The unaudited financial information in the table below summarizes the combined results of operations of the Company and Nora Pharma USD) for the years ended December 31, 2022 and 2021, on a pro forma basis, as though the two companies had been combined as of January 1, 2021. earn-out realized in fiscal year 2023. The unaudited pro forma financial information does not purport to be indicative of the Company's combined results of operations which would have been obtained had the acquisition taken place on January 1, 2021, nor should it be taken as indicative of future consolidated results of operations: current remaining earn-out balance is $479,207 CAD (approximately $354,968 USD).

| Pro Forma Results From Acquisition | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total revenues | $ 14,758,115 | $ 7,927,165 |
| Net (loss) from operations | $ (26,192,503) | $ (2,224,253) |
| Net (loss) | $ (26,164,764) | $ (12,289,655) |
| Basic and fully diluted (loss) per share | $ (1.74) | $ (4.70) |
| Weighted average number of shares outstanding | 15,056,097 | 2,612,061 |

## Note 5 – Intangible Assets

Intangible assets, net consisted of the following at September 30, 2023: following:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Balance at beginning of the year | $ 1,444,259 | 776,856 |
| Purchase of additional intangible assets (licenses) | 679,834 | 710,372 |
| Total | 2,124,093 | 1,487,228 |
| Less accumulated amortization | (58,490) | (42,969) |
| Finite-lived intangible assets, net | $ 2,065,603 | $ 1,444,259 |

| | |
|---|---|
| Balance June 30, 2023 | $ 1,233,570 |
| Dossier fee additions | 13,905 |
| Balance at September 30, 2023 | 1,247,475 |
| Less accumulated amortization | (31,268) |
| Finite-lived intangible assets, net, at September 30, 2023 | $ 1,216,207 |

| | |
|---|---|
| Balance December 31, 2022 | $ 776,856 |
| Dossier fee additions | 470,619 |
| Balance at September 30, 2023 | 1,247,475 |
| Less accumulated amortization | (31,268) |
| Finite-lived intangible assets, net, at September 30, 2023 | $ 1,216,207 |

Amortization expense for the three months period ended September 30, 2023, and the nine months period ended September 30, 2023, amounted to $10,797 and $26,746, respectively.

As of September 30, 2023 March 31, 2024, the estimated amortization expense amounts of the Company's intangible assets for each of the next five years is are as follows:

| | |
|---|---|
| 2025 | $ 73,998 |
| 2026 | 73,998 |
| 2027 | 73,998 |
| 2028 | 39,697 |
| 2029 | 1,908 |

| | |
|---|---|
| 2024 | $ 55,418 |
| 2025 | 55,418 |
| 2026 | 54,240 |
| 2027 | 15,599 |
| 2028 | 7,370 |

## Note 6 – Reverse Stock Splits

Effective February 9, 2022 April 17, 2024, the Company completed a 1 for 200 1-for-100 reverse split of its common stock. stock (the "Reverse Split"). The Company had previously completed three (3) reverse stock splits including a 1-for-200 on February 9, 2022, and two 20 to 1 1-for-20 reverse stock splits, one in 2019 and the other in 2020. The Company's financial statements included in this report reflect all three four reverse stock splits on a retroactive basis for all periods presented and for all references to common stock, unless specifically stated otherwise.

## Note 7 – Capital Stock

The Company's authorized capital is comprised of 3,000,000,000 shares of common stock, par value $0.001, and 30,000,000 shares of preferred stock, $0.10 par value. As of December 31, 2022 and September 30, 2023 March 31, 2024, the Company had authorized 1,000,000 shares of Series B Preferred Stock. The Series B Preferred Stock is non-convertible non-redeemable and non-retractable. non-redeemable. It has superior a liquidation rights preference equal to the stated value of $0.10, relative to the common stock at $0.10 per share and gives the holder the right to 1,000 votes per share. As of September 30, 2023 and December 31, 2022 March 31, 2024, 10,000 130,000 shares of Series B Preferred Stock are were outstanding and held by the Company's chief executive officer. Chief Executive Officer.

On February 17, 2022, the Company completed a public offering and received net proceeds of $6,833,071 from the offering. Pursuant to the public offering, the Company issued and sold an aggregate of 1,882,353 18,824 shares of common stock and 4,102,200 41,022 warrants to purchase shares of common stock (the "Tradeable Warrants").

On February 22, 2022, the Company redeemed 990,000 shares of Series B Preferred Stock from the CEO of the Company at a redemption price equal to the stated value of $0.10 per share. The remaining 10,000 shares of Series B Preferred Stock could not be voted pursuant to a warrant agent agreement relating to the Tradeable Warrants (the "Warrant Agent Agreement"). On October 12, 2023, the Company held a special meeting of the holders of the outstanding Tradeable Warrants in which the holders of the majority of the outstanding Tradeable Warrants approved an amendment to the Warrant Agent Agreement to eliminate the provision that prohibited the Company's CEO from exercising his voting rights under the Series B Preferred Stock, as well as to lower the exercise price of the Tradeable Warrants from $222.00 to $0.11. $11.00. The Company entered into the amendment to the Warrant Agent Agreement on October 18, 2023.

On March 14, 2022, the Company completed a private placement and received net proceeds of $6,781,199. In connection with this private placement, the Company issued (i) 2,301,353 23,014 shares of its common stock together with investor warrants ("Investor Warrants") to purchase up to 2,301,353 23,014 shares of common stock, and (ii) 1,302,251 13,023 pre-funded warrants ("Pre-Funded Warrants") with each Pre-Funded Warrant exercisable for one share of common stock, together with Investor Warrants to purchase up to 1,302,251 130,225 shares of common stock. Each share of common stock and accompanying Investor Warrant was sold together at a combined offering price of $2.22 $222.00 and each Pre-Funded Warrant and accompanying Investor Warrant were sold together at a combined offering price of $2.219. $221.9. The Pre-Funded Warrants were immediately exercisable, at a nominal an exercise price of $0.001, $0.1, and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full. The Investor Warrants have an exercise price of $2.22 $222.00 per share (subject to adjustment as set forth in the warrant), are exercisable upon issuance and will expire five years from the date of issuance.

On April 28, 2022, the Company completed another private placement and received net proceeds of $16,752,915. In connection with this private placement, the Company issued (i) 2,472,820 24,728 shares of its common stock together with warrants ("April Warrants") to purchase up to 4,945,640 49,456 shares of common stock, and (ii) 2,390,025 23,900 pre-funded warrants ("Pre-Funded Warrants") with each Pre-Funded Warrant exercisable for one share of common stock, together with April Warrants to purchase up to 4,780,050 47,801 shares of common stock. Each share of common stock and accompanying two April Warrants were sold together at a combined offering price of $4.01 $401.00 and each Pre-Funded Warrant and accompanying two April Warrants were sold together at a combined offering price of $4.009. $400.90. The Pre-Funded Warrants were immediately exercisable, at a nominal an exercise price of $0.001, $0.1, and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full. The April Warrants have an exercise price of $3.76 $376.00 per share (subject to adjustment as set forth in the warrant), are exercisable upon issuance and will expire five years from the date of issuance.

On October 20, 2022, the Company issued 3,700,000 37,000 shares of common stock as part of the acquisition of Nora Pharma. These shares were valued at $4,514,000, or $1.22 $122.00 per share.

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On January 19, 2023, the Company announced a stock repurchase program of up to $2 million (“Stock Repurchase Program”). During the six months ended June 30, 2023, the Company repurchased a total of 445,711 44,571 shares of common stock at an average price of $1.1371 $113.71 per share for a total cost of $506,822. The 445,711 44,571 repurchased common shares were cancelled and returned to treasury reducing the number of issued and outstanding shares from 22,585,632 225,856 to 22,139,921. 221,399.

On May 16, 2023, the Company completed a private placement pursuant to a securities purchase agreement with a single an institutional investor for gross proceeds of approximately $5million, before deducting fees to the placement agent and other offering expenses payable by the Company. The net proceeds received by the Company were $4,089,218. In connection with the private placement, the Company issued (i) 2,450,000 24,500shares of common stock, (ii) 3,502,381 35,024pre-funded warrants (the “May Pre-Funded Warrants”), and (iii) investor warrants (the “May Investor Warrants”) to purchase up to 11,904,762119,048 shares of common stock at $0.59 $59.00 per share. Each share of common stock and accompanying two May Investor Warrants were sold together at a combined offering price of $0.84 $84.00 and each May Pre-Funded Warrant and accompanying two May Investor Warrants were sold together at a combined offering price of $0.839. $83.90. The May Pre-Funded Warrants are immediately exercisable, at a nominal an exercise price of $0.001, $0.1, and may be exercised at any time until all of the May Pre-Funded Warrants are exercised in full. The May Investor Warrants which have an exercise price of $0.59 $59.00 per share (subject to adjustment as set forth therein), are exercisable upon issuance and will expire five and a half years from the date of issuance.

In 2022 and the first six months of 2023, the Company issued a total of 10,789,867 107,934 shares of common stock in connection with warrant exercises for aggregate net proceeds of $13,194,335 13,196,681.

In July 2023, the Company repurchased a total of 68,012 680 shares of common stock on the open market under the Stock Repurchase Program announced on January 19, 2023, at an average price of $0.5046 $50.46 per share for a total cost of $34,321. In October 2023, the 68,012 680 repurchased common shares were cancelled and returned to treasury reducing the number of issued and outstanding shares from 25,746,302 257,463 to 25,678,290. 256,783.
On November 16, 2023, the Company issued 23,460 shares of common stock and received net proceeds of $2,346 in connection with the exercise of all 23,460 remaining May Pre-Funded Warrants at the nominal exercise price of $0.1 per share.
On February 8, 2024, the Company issued 20,000 shares of Series B Preferred Stock to the Company’s CEO for a purchase price of $0.10 per share.
On February 15, 2024, the Company completed an underwritten public offering and in connection therewith it issued an aggregate of 714,286 shares of common stock, of which 450,000 shares were issued in connection with pre-funded warrant exercises.
On March 4, 2024, the Company issued 100,000 shares of Series B Preferred Stock to the Company’s CEO for a purchase price of $0.10 per share.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company has had a total of 25,678,290994,529 and 22,585,632280,243 shares of common stock issued and outstanding, respectively.

The Company has declared no dividends since inception.

## Note 8 – Warrants

The Company accounts for issued warrants either as a liability or equity in accordance with ASC 480-10 or ASC 815-40. Under ASC 480-10, warrants are considered a liability if they are mandatorily redeemable and they require settlement in cash, other assets, or a variable number of shares. If warrants do not meet liability classification under ASC 480-10, the Company considers the requirements of ASC 815-40 to determine whether the warrants should be classified as a liability or as equity. Under ASC 815-40, contracts that may require settlement for cash are liabilities, regardless of the probability of the occurrence of the triggering event. Liability-classified warrants are measured at fair value on the issuance date and at the end of each reporting period. Any change in the fair value of the warrants after the issuance date is recorded in the consolidated statements of operations as a gain or loss. If warrants do not require liability classification under ASC 815-40, in order to conclude warrants should be classified as equity, the Company assesses whether the warrants are indexed to its common stock and whether the warrants are classified as equity under ASC 815-40 or other applicable GAAP standard. Equity-classified warrants are accounted for at fair value on the issuance date with no changes in fair value recognized after the issuance date.

In 2022, 2023, and during the first nine three months of 2023, ended March 31, 2024, the Company completed four five (5) financing events, and in connection therewith, it issued warrants as follows:

| Type | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| Pre-Funded Warrants | 3,692,276 | $0.001 | Unlimited |
| Tradeable Warrants | 4,102,200 | $2.22* | February 2027 |
| Investor Warrants | 3,603,604 | $2.22 | March 2027 |
| April Warrants | 9,725,690 | $3.76 | April 2027 |
| May Pre-Funded Warrants | 3,502,381 | $0.001 | Unlimited |
| May Investor Warrants | 11,904,762 | $0.59 | November 2028 |

| Type | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| 2022 Pre-Funded Warrants | 36,923 | $0.10 | Unlimited |
| Tradeable Warrants | 41,022 | $222.00* | February 2027 |
| Investor Warrants | 36,036 | $222.00 | March 2027 |
| April Warrants | 97,257 | $376.00 | April 2027 |
| May Pre-Funded Warrants | 35,024 | $0.10 | Unlimited |
| May Investor Warrants | 119,048 | $59.00 | November 2028 |
| 2024 Pre-Funded Warrants | 450,000 | $0.10 | Unlimited |
| Series A Warrants | 79,732** | $210.00** | August 2026 |
| Series B Warrants | 159,464** | $238.00** | February 2029 |

* The Tradeable Warrants had an initial exercise price of $4.25, $425.00, subject to adjustment. Upon the closing of the Company's private placement on March 14, 2022, the exercise price of the Tradeable Warrants was reduced to $2.22, $222.00, in accordance with the terms thereof.

** Subject to adjustments per the Warrant Agreements.

As of September 30, 2023 March 31, 2024, all of the 2022, May, and 2024 Pre-Funded Warrants, and a total of 3,138,507 31,385 Tradeable Warrants, and 2,802,703 28,027 Investor Warrants, and 1,156,381 May Pre-Funded Warrants were exercised resulting in aggregate proceeds of $13,194,335 13,241,681 received by the Company.

On February 11, 2024, the Company purchased back all of the April Warrants and the May Investor Warrants for an aggregate purchase price of $3,139,651.

The Company's outstanding warrants at September 30, 2023 as of May 20, 2024 consisted of the following:

| Type | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| Pre-Funded Warrants | None | $0.001 | Unlimited |
| Tradeable Warrants | 963,693 | $2.22* | February 2027 |
| Investor Warrants | 800,901 | $2.22 | March 2027 |
| April Warrants | 9,725,690 | $3.76 | April 2027 |
| May Pre-Funded Warrants | 2,346,000 | $0.001 | Unlimited |
| May Investor Warrants | 11,904,762 | $0.59 | November 2028 |

| Type | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| Tradeable Warrants | 9,636 | $11.00* | February 2027 |
| Investor Warrants | 8,009 | $222.00 | March 2027 |
| Series A Warrants | 16,319,444** | Cashless** | August 2026 |
| Series B Warrants | 36,990,739** | $1.026** | February 2029 |

* On October 12, 2023, the Company held a special meeting of the holders of its outstanding Tradeable Warrants in which a majority of the holders approved an amendment to the Warrant Agent Agreement to reduce the exercise price of the Tradeable Warrants from $222.00 to $0.11 $11.00 per warrant. The amendment was executed on October 18, 2023.

** As adjusted and subject to further adjustments per the Warrant Agreements.

## Note 9 – Net Loss Earnings Per Common Share

Basic The following table sets forth the computation of basic and diluted net loss income per share is calculated by dividing for the net loss by the weighted-average number of shares of common stock outstanding during the period, without consideration for common stock equivalents. quarters ended March 31:

Diluted net loss per share is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, taking into consideration common stock equivalents.

In February 2022, the Company issued 4,102,200 Tradeable Warrants pursuant to the Company's Public Offering. In March and April 2022, the Company issued 3,603,604 Investor Warrants and 9,725,690 April Warrants pursuant to two private placements. In May 2023, the Company issued 11,904,762 May Investor Warrants pursuant to two private placements. As of September 30, 2023, 3,138,507 Tradeable Warrants and 2,802,703 Investor Warrants were exercised, leaving 963,693 Tradeable Warrants, 800,901 Investor Warrants, 9,725,690 April Warrants, and 11,904,762 May Investor Warrants outstanding. These warrants are dilutive and were included in the diluted earnings per share.
In March and April 2022, the Company issued and sold Pre-Funded Warrants to purchase an aggregate of 3,692,276 shares of common stock at a nominal exercise price of $0.001 per share. During the nine months ended September 30, 2023, all of these warrants were exercised and therefore had no remaining dilutive effect.
In May 2023, the Company issued and sold May Pre-Funded Warrants to purchase an aggregate of 3,502,381 shares of common stock at a nominal exercise price of $0.001 per share. During the nine months ended September 30, 2023, 1,156,381 of these warrants were exercised leaving 2,346,000outstanding. These warrants were not included in the calculation of weighted average outstanding shares as they would be ant-dilutive.

| | 2024 | 2023 |
|---|---|---|
| Net gain (loss) attributable to common stock | $ (1,283,801) | $ (1,702,430) |
| Basic weighted average outstanding shares of common stock | 641,310 | 220,363 |
| Dilutive common share equivalents | – | – |
| Dilutive weighted average outstanding shares of common stock | 641,310 | 220,363 |
| Net gain (loss) per share attributable to common stock | $ (2.00) | $ (7.73) |

## Note 10 – Lease

The Company has obligations as a lessee for office and warehouse space with initial non-cancellable terms in excess of one year. The Company classified the lease as an operating lease. The lease contains a renewal option for a period of five years. Because the Company is certain to exercise the renewal option, the optional period is included in determining the lease term, and associated payments under the renewal option are included in the lease payments. The Company's lease does not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contract include fixed payments plus a variable Payment. payment. The Company's office space lease requires it to make variable payments for the Company's proportionate share of building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.
Amounts reported on the balance sheet as of September 30, 2023 March 31, 2024 were as follows:

| | | |
|---|---|---|
| | Operating lease ROU asset | $664,296600,248 |
| | Operating Lease lease liability - Short-term | $117,840115,398 |
| | Operating lease liability - Long-term | $496,968 |
| Remaining lease term | $555,6875 years 9 months | |
| | Remaining lease term | 6 years 3 months |
| | Discount rate | 6% |

Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions of ROU assets resulting from reductions of lease obligations include amounts reduced from the carrying amount of ROU assets resulting from deferred rent.

Maturities of lease liabilities under non-cancellable operating leases at September 30, 2023 March 31, 2024 are as follows:

| | | |
|---|---|---|
| **2023** | **$ 30,124** | |
| **2024** | **116,090** | **$86,221** |
| **2025** | **116,277** | **$116,020** |
| **2026** | **110,134** | **$109,890** |
| **2027** | **103,736** | **$103,506** |
| **2028** | | **$97,493** |
| **Thereafter** | **197,166** | **$99,236** |

## Note 11 – Management and Director Compensation

The Company paid its officers cash compensation totaling $245,000 262,486 and $362,500 and $1,290,000 and $770,095 820,000 for the three and nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The Company paid its directors aggregate cash compensation totaling $100,000 and $300,000 and $100,000 and $200,000 for each of the three and nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022, respectively. 2023.

## Note 12 – Income Taxes

In calculating the provision for income taxes on an interim basis, the Company uses an estimate of the annual effective tax rate based upon currently known facts and circumstances and applies that rate to its year-to-date earnings or losses. The Company's effective tax rate is based on expected income and statutory tax rates and takes into consideration permanent differences between financial statement and tax return income applicable to the Company in the various jurisdictions in which the Company operates. The effect of discrete items, such as changes in estimates, changes in rates or tax status, and unusual or infrequently occurring events, is recognized in the interim period in which the discrete item occurs. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained or as the result of new judicial interpretations or regulatory or tax law changes.

The Company's interim effective tax rate, inclusive of discrete items, for the nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022 2023 was 26.83%.

The Company's consolidated financial statements contain various tax related entries the same being due to the operations of the two Canadian subsidiaries and are in compliance with Canadian tax laws.

## Note 13 – Subsequent Events

On October 12, 2023 Effective April 17, 2024, the Company held completed a special meeting 1-for-100 reverse split of its common stock (the "Reverse Split"). As a result of the holders of its outstanding Tradeable Warrants in which the holders of the majority of the outstanding Tradeable Warrants approved an amendment to the Warrant Agent Agreement to (i) reduce Reverse Split, the exercise price of the Tradeable Series A Warrants has been reduced to $0.11, subject $1.026 and the number of Series A Warrants has been increased to further adjustment 16,319,444. Also as provided therein, a result of the Reverse Split, the exercise price of Series B Warrants was reduced to $1.026 and (ii) eliminate the provision number of Series B Warrants increased to 36,990,739. All share amounts, warrants, and related parameters specified in this report have been adjusted to reflect the Reverse Split.

Subsequent to March 31, 2024, the Company issued 17,950,523 shares of common stock upon exercise of 8,975,262 Series A Warrants pursuant to the alternative cashless exercise of the Series A Warrants.

On April 24, 2024, the Company paid Malek Chamoun, the Seller of Nora Pharma, an earn-out amount of $3,093,878 CAD (approximately $2,291,761 USD), pursuant to its obligation under the applicable Sale Agreement.

On May 3, 2024, the SEC announced that prohibits it had settled charges against BF Borgers CPA PC (“Borgers”), the Company’s CEO from exercising his voting rights under his Series B Preferred Stock. independent accounting firm, stating that Borgers failed to conduct audits in accordance with the standards of the Public Company Accounting Oversight Board (the “PCAOB”). As part of the settlement, Borgers agreed to a permanent ban on appearing or practicing before the SEC. As a result, the Company dismissed Borgers as its independent accountant.
On May 7, 2024, the Company engaged Bush & Associates CPA LLC as its new independent auditor.

In December 2022, the Company had entered into a research agreement with the Jewish General Hospital (“JGH”), Montreal, Canada to conduct IND-enabling studies of the Company’s anticancer drug candidate, Adva-27a (the “Research Agreement”). In August 2023, the Company was advised by JGH that the lab results on testing of the Adva-27a molecule were not favorable. After conclusion of an internal review of the lab results on November 2, 2023, the Company provided notice of termination of the Research Agreement, which will become effective on December 2, 2023, pursuant to the terms of the Research Agreement. The Company has now paused the IND-enabling studies of Adva-27a pending a review of the possibility of chemical modification of the compound to address the suboptimal performance of the molecule in certain studies.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included herein. This discussion includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The statements regarding Sunshine Biopharma, Inc. contained in this Report that are not historical in nature, particularly those that utilize terminology such as "may," "will," "should," "likely," "expects," "anticipates," "estimates," "believes" or "plans," or comparable terminology, are forward-looking statements based on current expectations and assumptions, and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements. Important factors known to us that could cause such material differences are identified in this report and in our annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023. We undertake no obligation to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law. You are advised, however, to consult any future disclosures we make on related subjects in future reports to we file with the SEC.*

## About Sunshine Biopharma

We are a pharmaceutical company offering and researching life-saving medicines in a wide variety of therapeutic areas, including oncology and antivirals. In addition to pursuing our own drug development program, we We operate two wholly owned subsidiaries: (i) Nora Pharma Inc. ("Nora Pharma"), a Canadian corporation with a portfolio consisting of 51 52 generic prescription drugs on the market in Canada, and 32 additional drugs scheduled to be launched in Canada in 2024 and 2025, and (ii) Sunshine Biopharma Canada Inc. ("Sunshine Canada"), a Canadian corporation which develops and sells nonprescription over-the-counter ("OTC") products.

In addition, we are conducting a proprietary drug development program which is comprised of (i) K1.1 mRNA targeted for liver cancer, (ii) SBFM-PL4, PLpro protease inhibitor for SARS Coronavirus infections, and (iii) Adva-27a for pancreatic cancer. Development of the latter has been paused pending further analysis of unfavorable in vitro results obtained in the second half of 2023. See *"Drugs in Development"* below.

## History

We were incorporated in the State of Colorado on August 31, 2006, and on October 15, 2009, we acquired Sunshine Biopharma, Inc. in a transaction classified as a reverse acquisition.

Sunshine Biopharma, Inc. held an exclusive license to a new anticancer drug bearing the laboratory name, Adva-27a (the "License Agreement"). Upon completion of the reverse acquisition transaction, we changed our name to Sunshine Biopharma, Inc. and began operating as a pharmaceutical company.

In December 2015, we acquired all worldwide issued (US Patent Number 8,236,935, and 10,272,065) and pending patents under PCT/FR2007/000697 and PCT/CA2014/000029 for the Adva-27a anticancer compound and terminated the License Agreement. Development of Adva-27a has recently been paused pending further analysis of unexpected in vitro results obtained in the latter part of 2023. See *"Drugs in Development"* below.

In early 2020, we initiated a new R&D project focused on the development of a treatment for COVID-19 and on May 22, 2020, we filed a provisional patent application in the United States for the new coronavirus treatment. The patent application covers composition subject matter pertaining to small molecules for inhibition of the main Coronavirus protease, Mpro. On April 30, 2021, we filed a PCT application containing new research results and extending coverage to include the Coronavirus Papain-Like protease, PLpro.

In June 2021, we initiated another R&D project in which we set out to determine if certain mRNA molecules can be used as anticancer agents. The data obtained for mRNA molecules bearing the laboratory name K1.1 became the

subject of a new patent application filed in April 2022.

In October 2022, On October 20, 2022, we acquired Nora Pharma Inc. (“Nora Pharma”), a Canadian generic pharmaceuticals company based in the greater Montreal area. Nora Pharma has 41 44 employees and operates in a 15,000 23,500 square foot facility certified by Health Canada. Nora Pharma currently sells 51 has 52 generic prescription drugs on the market in Canada and is planning to launch 32 additional generic prescription drugs in Canada. The consolidated financial statements contained in this report include the results of operations of Nora Pharma 2024 and Sunshine Canada. 2025.

## Generic Prescription Drugs Products on the Market

As a result of the acquisition of Through Nora Pharma we now currently have the following generic prescription drugs on the market in Canada:

| Drug | Action/Indication | Reference Brand |
|---|---|---|
| Alendronate | Osteoporosis | Fosamax® |
| Amlodipine | Cardiovascular | Norvasc® |
| Apixaban | Cardiovascular | Eliquis® |
| Aripiprazole | Antipsychotic | Abilify® |
| Atorvastatin | Cardiovascular | Lipitor® |
| Azithromycin | Antibacterial | Zithromax® |
| Candesartan | Hypertension | Atacand® |
| Candesartan HCTZ | Hypertension | Atacand Plus® |
| Celecoxib | Anti-inflammatory | Celebrex® |
| Cetirizine | Allergy | Reactine® |
| Ciprofloxacin | Antibiotic | Cipro® |
| Citalopram | Central nervous system | Celexa® |
| Clindamycin | Antibiotic | Dalacin® |
| Clopidogrel | Cardiovascular | Plavix® |
| Dapagliflozin | Diabetes | Forxiga® |
| Donepezil | Central nervous system | Aricept® |
| Duloxetine | Central nervous system | Cymbalta® |
| Dutasteride | Urology | Avodart® |
| Escitalopram | Central nervous system | Cipralex® |
| Ezetimibe | Cardiovascular | Ezetrol® |
| Finasteride | Urology | Proscar® |
| Flecainide | Cardiovascular | Tambocor® |
| Fluconazole | Antifungal | Diflucan® |
| Fluoxetine | Central nervous system | Prozac® |
| Hydroxychloroquine | Antimalarial | Plaquenil® |
| Lacosamide | Central nervous system | Vimpat® |
| Letrozole | Oncology | Femara® |
| Levetiracetam | Central nervous system | Keppra® |
| Mirtazapine | Central nervous system | Remeron® |
| Metformin | Diabetes | Glucophage® |
| Montelukast | Allergy | Singulair® |
| Olmesartan | Cardiovascular | Olmetec® |
| Olmesartan HCTZ | Cardiovascular | Olmetec Plus® |
| Pantoprazole | Gastroenterology | Pantoloc® |
| Paroxetine | Central nervous system | Paxil® |
| Perindopril | Cardiovascular | Coversyl® |
| Pravastatin | Cardiovascular | Pravachol® |
| Pregabalin | Central nervous system | Lyrica® |
| Quetiapine | Central nervous system | Seroquel® |

| | | |
|---|---|---|
| Quetiapine XR | Central nervous system | Seroquel XR® |
| Ramipril | Cardiovascular | Altace® |
| Rizatriptan ODT | Central nervous system | Maxalt® ODT |
| Rosuvastatin | Cardiovascular | Crestor® |
| Sertraline | Central nervous system | Zoloft® |
| Sildenafil | Urology | Viagra® |
| Tadalafil | Urology | Cialis® |
| Telmisartan | Cardiovascular | Micardis® |
| Telmisartan HCTZ | Cardiovascular | Micardis Plus® |
| Topiramate | Anticonvulsant | Topamax® |
| Tramadol Acetaminophen | Central nervous system | Tramacet® |
| Zolmitriptan | Central nervous system | Zomig® |
| Zopiclone | Central nervous system | Imovane® |

## Generic Prescription Drugs Pipeline

In addition to the 51 52 drugs currently on the market, we currently have the following roster of generic prescription 32 additional drugs scheduled to be launched in 2024 and 2025:

| Generic Drugs | Therapeutic Area(s) | Development Stage | Launch Date |
|---|---|---|---|
| Group A (2 Products) | Cardiovascular, CNS* | Under manufacturing | 2024Q1 |
| Group B (6 Products) | Oncology, Gastroenterology, CNS* | Under regulatory review | 2024Q2 |
| Group C (3 Products) | Central Nervous System, Diabetes, CNS* | Under regulatory review | 2024Q3 |
| Group D (5 Products) | Cardiovascular, Urology, Endocrinology | Under regulatory review | 2024Q4 |
| Group E (16 Products) | Cardiovascular, Oncology, Anti-infectives, Anti-inflammatory, Diabetes, Gastroenterology, CNS* | Soon to be under regulatory review | 2025 |

* Central Nervous System2025. These new drugs will address various human health areas including cardiovascular, oncology, gastroenterology, central nervous system, diabetes, urology, endocrinology, anti-infective, and anti-inflammatory. Among the new drugs to be launched in 2024 is NIOPEG®, a biosimilar of NEULASTA®. Similar to NEULASTA®, NIOPEG® is a long-acting form of recombinant human granulocyte colony-stimulating factor (filgrastim). It is indicated to decrease the incidence of infection in patients with non-myeloid malignancies receiving anti-neoplastic therapy. Nora Pharma received Health Canada marketing approval for NIOPEG® on April 17, 2024.

We believe the addition of these new products to our existing portfolio will strengthen our presence in the Canadian $9.7 billion a year generic drugs marketplace market and provide us with greater access to pharmacies as we become more of a go-to supplier for every-day and specialty medicines.

## Proprietary Drugs Products in Development

We are currently developing the The following drug candidates: table summarizes our proprietary drugs in development:

| Proprietary Drugs Drug Candidate | Therapeutic Area | Development Stage | Launch Date |
|---|---|---|---|
| Adva-27a (Small Molecule) | Oncology (Pancreatic Cancer) | See Note 9 - Subsequent Events Paused* | TBD* |
| K1.1 (mRNA LNP) | Oncology (Liver Cancer) | Preclinical Animal Testing | TBD* |
| SBFM-PL4 (Small Molecule) | Antiviral (COVID-19) (SARS Coronavirus) | Preclinical Animal Testing | TBD* |

*See *"Adva-27a Anticancer Compound"* below

* To be determined

### *Adva-27a Anticancer Drug Compound*

Adva-27a is a small molecule designed for the treatment of aggressive forms of cancer. A Topoisomerase II inhibitor, Adva-27a has been shown to be effective at destroying Multidrug Resistant Cancer cells including Pancreatic Cancer cells, Breast Cancer cells, Small-Cell Lung Cancer cells and Uterine Sarcoma cells (Published in ANTICANCER RESEARCH, Volume 32, Pages 4423-4432, October 2012). We are the direct owner of all patents pertaining to Adva-27a including U.S. Patents Number 8,236,935 and 10,272,065.

In December 2022, we entered into a research agreement with the Jewish General Hospital ("JGH"), to conduct the IND-enabling studies of Adva-27a (the "Research Agreement"). In August 2023, we were informed by the JGH that the lab laboratory results on testing of the Adva-27a molecule were not favorable. After conclusion of an internal review of the lab laboratory results on November 2, 2023, we provided notice to JGH of termination of the Research Agreement. We have now paused the IND-enabling studies of Adva-27a pending a review of the results and the possibility of chemical modification of the compound to address the suboptimal performance of the molecule in certain studies.

### *K1.1 Anticancer mRNA*

In June 2021, we initiated a new research project in which we set out to determine if certain mRNA molecules can be used as anti-cancer agents. The data collected to date have shown that a selected group of mRNA molecules are capable of destroying cancer cells in vitro including multidrug resistant breast cancer cells (MCF-7/MDR), ovarian adenocarcinoma cells (OVCAR-3), and pancreatic cancer cells (SUIT-2). Studies using non-transformed (normal) human cells (HMEC cells) showed that these mRNA molecules had little cytotoxic effects. These new mRNA molecules, bearing the laboratory name K1.1, are readily adaptable for delivery into patients using the mRNA vaccine technology. In April 2022, we filed a provisional patent application in the United States covering the subject mRNA molecules.

We recently In November 2022, we concluded an agreement with a specialized commercial partner for the purposes of formulating our K1.1 mRNA molecules into lipid nanoparticles ready ("LNP") for use to conduct xenograft mice studies. The initial results of our xenograft mice studies indicate that our K1.1 mRNA-LNP is effective at reducing the size of liver cancer xenograft tumors in xenograft mice. We anticipate commencing such studies later this year. are currently seeking to confirm these results by conducting additional xenograft experiments on a broader scale and in more detailed dose-response studies.

***SBFM-PL4 SARS Coronavirus Treatment***

The initial genome expression products following infection by Betacoronavirus, the causative agent of COVID-19, are two large polyproteins, referred to as pp1a and pp1ab. These two polyproteins are cleaved at 15 specific sites by two virus encoded proteases, called Mpro and PLpro, to generate 16 different non-structural proteins essential for viral replication. Mpro and PLpro represent attractive anti-viral drug development targets as they play a central role in the early stages of viral replication. PLpro is of particular interest as a therapeutic target in that, in addition to processing essential viral proteins, it is also responsible for suppression of the human immune system making the virus more life-threatening. PLpro is present only in Betacoronaviruses, the subgroup of Coronaviruses represented by the highly pathogenic SARS-CoV, MERS-CoV, and SARS-CoV-2.

Our Anti-Coronavirus research effort has been focused on developing an inhibitor of PLpro and, on May 22, 2020, we filed a patent application in the United States covering composition subject matter pertaining to small molecules for inhibition of the Coronavirus PLpro as well as Mpro.

In February 2022, we expanded our PLpro inhibitors research effort by entering into a research agreement with the University of Arizona for the purposes of conducting research focused on determining the in vivo safety, pharmacokinetics, and dose selection properties of three University of Arizona owned PLpro inhibitors, to be followed by efficacy testing in mice infected with SARS-CoV-2 (the "Research Project"). Under the agreement, the University of Arizona granted the Company us a first option to negotiate a commercial, royalty-bearing license for all intellectual property developed by University of Arizona under the Research Project. In addition, the Company we and the University of Arizona have entered into an option agreement (the "Option Agreement") whereby the Company was we were granted a first option to negotiate a royalty-bearing commercial license for the underlying technology of the Research Project. On September 13, 2022, we exercised our options, and on February 24, 2023, we entered into an exclusive worldwide license agreement with the University of Arizona for all of the technology related to the Research Project.

We have recently expanded broadened our objective to include the development of an injectable drug candidate of first-in-class PLpro inhibitor to treat SARS-CoV2 and potentially SARS-CoV and MERS-CoV infection in patients who could not use Paxlovid, Molnupiravir, or Remdesivir, due to concerns about drug interaction interactions and possible 'rebound' infections and other side effects.

## Intellectual Property

We are the sole owner of all worldwide rights pertaining to Adva-27a. These patent rights are covered by PCT/FR2007/000697 and PCT/CA2014/000029. The patent applications filed under these two PCT's have been issued in the United States (US under US Patent Number 8,236,935 and 10,272,065), Europe, and Canada. 10,272,065.

On May 22, 2020, we filed a provisional patent application in the United States for a new treatment for Coronavirus infections. Our patent application covers composition subject matter pertaining to small molecules for inhibition of the main Coronavirus protease, Mpro, an enzyme that is essential for viral replication. The patent application has a priority date of May 22, 2020. On April 30, 2021, we filed a PCT application containing new research results and extending coverage to include the Coronavirus Papain-Like protease, PLpro. The priority date of May 22, 2020 has been maintained in the newly filed PCT application.

On April 20, 2022, we filed a provisional patent application in the United States covering mRNA molecules capable of destroying cancer cells in vitro. The patent application contains composition and utility subject matter pertaining to the structure and sequence of the relevant mRNA molecules.

Effective February 24, 2023, we became the exclusive, worldwide licensee of the University of Arizona for three (3) patents related to small molecules which inhibit the Coronavirus protease, PLpro.

Our wholly owned subsidiary, Nora Pharma, owns 180 Drug Identification Numbers ("DIN's") 152 DIN's issued by Health Canada for prescription drugs currently on the market in Canada. These DIN's were secured through in-licenses or cross-licenses from international manufacturers of generic pharmaceutical products.

In addition, we are the owner of two Natural Product Numbers ("NPN's") four (4) NPN's issued by Health Canada: Canada including (i) NPN 80089663 which authorizes us to manufacture and sell our in-house developed OTC product, Essential 9™, and 9, (ii) NPN 80093432 which authorizes us to manufacture and sell the OTC product, Calcium-Vitamin D under the brand name Essential Calcium-Vitamin D,™, (iii) NPN 80125047 which authorizes us to manufacture and sell the OTC product, L-Citrulline, and (iv) NPN 80127436 which authorizes us to manufacture and sell the OTC product, Taurine.

## Results of Operations

### *Comparison of results of operations for the three months ended September 30, 2023 March 31, 2024 and 2022 2023*

During the three months ended September 30, 2023 March 31, 2024, we generated $5,957,668 $7,541,046 in sales, compared to $132,808 $4,894,053 for the three months ended September 30, 2022 March 31, 2023, an increase of $5,824,860. $2,646,993, or 54%. The increase is attributable to new product launches and expanded marketing and sales generated efforts by our wholly owned subsidiary, Nora Pharma. The direct cost for generating these sales was $3,967,412 (66.6% $5,186,709 (69%) for the three months ended September 30, 2023 March 31, 2024, compared to $65,783 (49.5% $3,065,931 (63%) for the three months ended September 30, 2022 March 31, 2023. The increase in the cost of goods sold in 2023 2024 is due to increased cost of manufacturing of the generic prescription drugs sold by Nora Pharma. Our gross profit grew to $1,990,256 $2,354,337 for the three months ended September 30, 2023 March 31, 2024, compared to $67,025 $1,828,122 for the three months ended September 30, 2022 March 31, 2023.

General and administrative expenses during the three-month period ended September 30, 2023 March 31, 2024, were $2,769,730, $3,704,926, compared to $1,785,005 $3,657,103 during the three-month period ended September 30, 2022 March 31, 2023, an increase of $984,725. $47,823. This modest increase was the net result of increased overhead associated with being a Nasdaq listed company increases and expenses related to Nora Pharma operations. Specifically, decreases in our specific expense categories. For example, we incurred saw increased costs in accounting ($182,256), legal ($114,549), marketing ($70,133) and office ($428,753). The categories that decreased were consulting ($58,929) 84,214), office R&D ($467,397), 210,892) and salaries ($549,377) and taxes ($52,586) 466,545).

Overall, we incurred a loss of $779,474 $1,350,589 from our operations for the three months ended September 30, 2023 March 31, 2024, compared to a loss of $1,717,980 $1,828,981 from our operations in the three-month period ended September 30, 2022 March 31, 2023.

In addition, we had interest income of $144,089 during the three months ended March 31, 2024, compared to a net interest income of $213,881 during the three months ended March 31, 2023, as a result of interest earned on less cash on hand.

As a result, we incurred a net loss of $1,283,801 ($0.02 per share) for the three months ended March 31, 2024, compared to a net loss of $1,702,430 ($0.08 per share) for the three-month period ended March 31, 2023.

In addition, we had net interest income of $168,904 during the three months ended September 30, 2023, compared to a net interest income of approximately $260,936 during the three months ended September 30, 2022, as a result of interest earned on cash on hand.

As a result, we incurred a net loss of $651,482 ($0.04 per share) for the three months ended September 30, 2023, compared to a net loss of $1,457,019 ($0.08 per share) for the three-month period ended September 30, 2022.

***Comparison of results of operations for the nine months ended September 30, 2023 and 2022***

During the nine months ended September 30 2023, we generated revenues of $16,412,586, compared to revenues of $405,760 for the nine months ended September 30, 2022, an increase of $16,006,826. The increase is attributable to sales generated by our recently acquired wholly owned subsidiary, Nora Pharma. The direct cost for generating these revenues was $10,641,461 (64.8%) for the nine months ended September 30, 2023, compared to $200,311 (49.4%) for the nine months ended September 30, 2022. The increase in the cost of goods sold in 2023 is due to increased cost of manufacturing of the generic prescription drugs sold by Nora Pharma. Our gross profit increased to $5,771,125 for the nine months ended September 30, 2023, compared to a gross profit of $205,449 for the same period in 2022.

General and administrative expenses during the nine-month period ended September 30, 2023 were $9,369,203 compared to $3,842,589 during the nine-month period ended September 30, 2022, an increase of $5,526,614. This increase was the result of increased overhead associated with being a Nasdaq listed company and expenses related to Nora Pharma operations. Specifically, we incurred increased costs in accounting ($63,608), consulting ($475,817), office costs ($972,328), research and development ($269,407), salaries ($3,239,801) and taxes ($212,953). Overall, we incurred a loss of $3,598,078 from our operations in the nine-month period ended September 30, 2023, compared to a loss from operations of $3,637,140 in the similar period of 2022.

In addition, we had net interest income of $517,163 during the nine months ended September 30, 2023, compared to a net interest income of $394,118 during the nine months ended September 30, 2022, as a result of interest earned on cash on hand.

As a result, we incurred a net loss of $3,256,020 ($0.12 per share) for the nine-month period ended September 30, 2023, compared to a net loss of $3,232,125 ($0.26 per share) for the nine-month period ended September 30, 2022.

**Liquidity and Capital Resources**

As of September 30, 2023 March 31, 2024, we had cash or and cash equivalents of $18,846,140. $17,434,208.

Net cash used in operating activities was $6,085,435 $3,185,159 during the nine three months ended September 30, 2023 March 31, 2024, compared to $3,001,746 $1,850,106 during the nine-month three-month period ended September 30, 2022 March 31, 2023. The increase was a result of the addition of increased business activities by Nora Pharma's operations. Pharma.

Cash flows used in investing activities were $386,920 $668,736 for the nine three months ended September 30, 2023 March 31, 2024, compared to $0 $146,303 for the nine three months ended September 30, 2022 March 31, 2023. The increase was the result of cash invested in Nora Pharma.

Cash flows provided by financing activities were $3,456,106 $5,398,149 during the nine three months ended September 30, 2023 March 31, 2024, compared to $41,561,363 $538,299 during the nine three months ended September 30, 2022 March 31, 2023. The decrease increase was primarily as a result of one offering made during the nine three months ended September 30, 2023 March 31, 2024, compared to no financing events completed during the three offerings completed in February, March, and April 2022, and due to our repurchase of a total of $540,629 in common stock in the first and third quarter of 2023. months ended March 31, 2023.

We are not generating adequate revenues from our operations to fully implement our business plan as set forth herein. On February 17, 2022, we received net proceeds of approximately $6.8 million from the sale of common stock and warrants in an underwritten public offering. On March 14, 2022, we received net proceeds of approximately $6.8 million from the sale of common stock and warrants in a private placement. On April 28, 2022, we received net proceeds of approximately $16.8 million from the sale of common stock and warrants in a private placement. On May 16, 2023, we received net proceeds of approximately $4.1 million from the sale of common stock and warrants in a private placement. We believe our existing cash on hand will be sufficient to fund our pharmaceuticals sales operations including general and administrative expenses, research and development activities and the generic pharmaceuticals sales business, for the next 18 to 24 months. There is no assurance our estimates will be accurate.
Management estimates We have no committed sources of capital and we anticipate that we will need to raise additional capital in the amount of approximately $30 million future, including for further research and development activities and possibly clinical trials, as well as expansion of our drug development activities and generic pharmaceuticals operations, including possibly a Phase I clinical trial. operations. Additional capital may not be available on terms acceptable to us, or at all. Currently, we do not have any committed arrangements for financing and can provide no assurance that we will be able to obtain financing when required. No assurance can be given that we will obtain access to capital markets in the future or that financing, adequate to satisfy the cash requirements of implementing our business will be available on acceptable terms. Our inability to obtain acceptable financing could have an adverse effect upon the results of our operations and financial condition.

### Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For a detailed list of significant accounting policies, please see our annual report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, including our financial statements and notes thereto included therein as filed with the SEC on April 4, 2023 March 28, 2024.

### Recently Adopted Accounting Standards

In February 2020, the FASB issued ASU 2020-02, Financial Instruments-Credit Losses (Topic 326) and Leases (Topic 842) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842) which amends the effective date of the original pronouncement for smaller reporting companies. ASU 2016-13 and its amendments will be effective for the Company for interim and annual periods in fiscal years beginning after December 15, 2022. The Company believes the adoption will modify the way the Company analyzes financial instruments, but it does not anticipate a material impact on results of operations. The Company is in the process of determining the effects adoption will have on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815 – 40), ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The ASU2020-06 amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is evaluating the impact of this guidance on its unaudited consolidated financial statements.

### Off Balance-Sheet Arrangements

None.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company and are not required to provide the information under this item.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report.

These controls are designed to ensure that information required to be disclosed in the reports we file or submit pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

Based on this evaluation, our management, including our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024, at reasonable assurance levels.

### Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2023 March 31, 2024, 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

We are not party to, and our property is not the subject of, any material legal proceedings.

### ITEM 1A. RISK FACTORS

We are a smaller reporting company and are not required to provide the information under this item.

### 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

None.
During the quarter ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

### ITEM 6. EXHIBITS

| Exhibit No. | Description |
|---|---|
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2022* |
| 32.1 | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002** |
| 101 | Inline XBRL Document Set for the financial statements and accompanying notes in Part I, Item 1, of this Quarterly Report on Form 10-Q.* |
| 104 | Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.* |

* Filed herewith.
** Furnished herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on November 13, 2023 May 20, 2024.

**SUNSHINE BIOPHARMA, INC.**

By: /s/ Dr. Steve N. Slilaty
Dr. Steve N. Slilaty
Chief Executive Officer (principal executive officer)

By: /s/ Camille Sebaaly
Camille Sebaaly
Chief Financial Officer (principal financial and accounting officer)



Exhibit 31.1

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Dr. Steve N. Slilaty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sunshine Biopharma, Inc.

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 in order 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 controls 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 procedure 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 upon 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 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.

Dated: November 13, 2023 May 20, 2024

/s/ Dr. Steve N. Slilaty
Dr. Steve N. Slilaty, Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Camille Sebaaly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sunshine Biopharma, Inc.

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 in order 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 controls 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 procedure 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 upon 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 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.

Dated: November 13, 2023 May 20, 2024

/s/ Camille Sebaaly
Camille Sebaaly, Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this quarterly report of Sunshine Biopharma, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned, in the capacities and on the date indicated below, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

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

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

Dated: November 13, 2023 May 20, 2024

/s/ Dr. Steve N. Slilaty
Dr. Steve N. Slilaty, Chief Executive Officer

Dated: November 13, 2023 May 20, 2024

/s/ Camille Sebaaly
Camille Sebaaly, Chief Financial Officer

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