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DELTA REPORT

10-Q

MEDS - TRXADE HEALTH, INC

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

The following comparison report has been automatically generated

TOTAL DELTAS	1513
■ CHANGES	229
■ DELETIONS	651
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended **September 30**, **March 31**, **2023** **2024**

OR

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

Commission File Number: 001-39199

TRxADE HEALTH, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of

incorporation or organization)

2420 Brunello Trace 6308 Benjamin Rd, Suite 708

Lutz Tampa, Florida

(Address of principal executive offices)

46-3673928

(I.R.S. Employer

(I.R.S. Employer

Identification No.)

33558 33634

(Zip code)

(800) 261-0281

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.00001 Par Value Per Share	MEDS	The NASDAQ Stock Market LLC (The NASDAQ Capital Market)

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

There were **1,205,008** **1,406,348** shares of the registrant's common stock outstanding on **January 16, 2024** **June 26, 2024** and **307,145** **16,049** shares of preferred stock outstanding.

TRxADE HEALTH, INC.
FORM 10-Q
For the Quarter Ended **September 30, 2023** ~~March 31, 2024~~

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Report”), including without limitation, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements, within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995, regarding future events and the future results of the Company that are based on current expectations, estimates, forecasts, and projections about the industry in which the Company operates and the beliefs and assumptions of the management of the Company. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. These factors include, but are not limited to:

- Our limited amount of cash;
- The negative effect on our business and our ability to raise capital that is created by the fact that there is a substantial doubt about our ability to continue as a going concern;
- Risks of our operations not being profitable;
- Claims relating to alleged violations of intellectual property rights of others;
- Technical problems with our websites;
- Risks relating to implementing our acquisition strategies;
- Negative effects on our operations associated with the opioid pain medication health crisis;
- Regulatory and licensing requirement risks;
- Risks related to changes in the U.S. healthcare environment;
- The status of our information systems, facilities and distribution networks;
- Risks associated with the operations of our more established competitors;
- Regulatory changes;
- Healthcare fraud;
- The potential impact of some future pandemic;
- Inflation, rising interest rates, governmental responses thereto and possible recessions caused thereby.
- Changes in laws or regulations relating to our operations;
- Privacy laws;
- System errors;
- Dependence on current management;
- Our growth strategy;
- Risks related to the disruption of management’s attention from ongoing business operations due to pursuit of requirements related to being a listed company; and
- Other factors discussed in this Quarterly Report on Form 10-Q and in Part I, Item 1A. “Risk Factors” in Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Form 10-K.

While forward-looking statements reflect our good faith beliefs, assumptions and expectations, they are not guarantees of future performance. The forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Furthermore, we disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. Moreover, because we operate in a very competitive and rapidly changing environment, new risk factors are likely to emerge from time to time. We caution investors not to place undue reliance on these forward-looking statements and urge you to carefully review the disclosures we make concerning risks in this Quarterly Report and in Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K and Part II, Item 1A. “Risk Factors” in the Quarterly Annual Report for the period ending June 30, 2023 December 31, 2023, filed with the Securities and Exchange Commission (SEC) on August 18, 2023 April 22, 2024. Readers of this Quarterly Report on Form 10-Q should also read our other periodic filings made with the SEC and other publicly filed documents for further discussion regarding such factors.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TRxADE HEALTH, INC.

Condensed Consolidated Balance Sheets

September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023
(Unaudited)

	September 30, 2023	December 31, 2022
Assets		
Current Assets		
Cash	\$ 34,031	\$ 1,094,891
Accounts receivable, net	850,103	649,263
Inventory	3,026,918	68,448
Prepaid assets	246,093	104,462
Notes receivable	1,275,000	-
Other receivables	115,684	-
Current assets of discontinued operations	-	176,057
Total Current Assets	5,547,829	2,093,121
Property plant and equipment, net	287,920	65,214
Deposits	49,031	49,031
Intangible assets, net	9,451,562	-
Goodwill	5,129,116	-
Other assets	-	-
Operating lease right-of-use assets	1,188,385	1,051,815
Noncurrent assets of discontinued operations	-	450,845
Total Assets	\$ 21,653,843	\$ 3,710,026
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	1,328,599	527,984
Accrued liabilities	386,024	271,230
Other current liabilities	412,390	67,517
Contingent funding liabilities	452,348	108,036
Current portion of operating lease liabilities	251,087	196,872
Notes payable, current portion	5,230,000	-
Notes payable—related party, current portion	-	166,667
Warrant liability	1,031,841	588,533
Current liabilities of discontinued operations	-	219,952
Total Current Liabilities	9,092,289	2,146,791
Long Term Liabilities		
Operating lease liabilities, net of current portion	976,869	887,035
Notes payable, net of current portion	25,000	-
Notes payable- related party, net of current portion	-	333,333
Total Liabilities	10,094,158	3,367,159
Stockholders' Equity		
Series A preferred stock, \$0.00001 par value; 9,212,246 shares authorized; none issued and outstanding, as of September 30, 2023 and December 31, 2022.	-	-
Series B preferred stock, \$0.00001 par value; 787,754 shares authorized; 306,855 issued and outstanding, as of September 30, 2023 and December 31, 2022.	-	-
Common stock, \$0.00001 par value; 6,666,667 shares authorized; 818,961 and 626,247 shares issued and outstanding, as of September 30, 2023 and December 31, 2022, respectively	8	6
Additional paid-in capital	33,089,652	20,482,666
Retained deficit	(21,529,975)	(19,719,536)
Total TRxADE Health Inc. Stockholders' Equity	11,559,685	763,136
Non-controlling interest in subsidiary	-	(420,269)
Total Stockholders' Equity	11,559,685	342,867
Total Liabilities and Stockholders' Equity	\$ 21,653,843	\$ 3,710,026
	March 31, 2024	December 31, 2023

ASSETS			
Current assets:			
Cash	\$	3,498,812	\$ 361
Accounts receivable, net		6,937	8,492
Inventory		5,372	968
Prepaid expenses		174,230	50,724
Notes receivable	1,300,000		1,300,000
Other receivables		9,041,465	1,224,702
Current assets of discontinued operations		-	167,816
Total current assets		<u>14,026,816</u>	<u>2,753,063</u>
Property, plant and equipment, net		7,000	7,500
Deposits		22,039	10,531
Investments		2,500,000	-
Operating lease right-of-use assets		183,414	191,216
Noncurrent assets of discontinued operations		-	9,570,603
Total assets	\$	<u>16,739,269</u>	\$ <u>12,532,913</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	\$	953,098	\$ 1,497,225
Accrued liabilities		493,398	163,521
Other current liabilities		5,441	67,831
Contingent funding liabilities		-	1,246,346
Lease liability - current		32,608	32,595
Warrant liability		1,466,842	736,953
Current liabilities of discontinued operations		-	7,811,884
Total current liabilities		<u>2,951,387</u>	<u>11,556,355</u>
Lease liability, net of current portion		168,976	176,909
Noncurrent liabilities of discontinued operations		-	257,296
Total liabilities		<u>3,120,363</u>	<u>11,990,560</u>
Commitments and contingencies			
Stockholders' equity (deficit):			
Series A preferred stock, \$0.00001 par value; 9,211,246 shares authorized; none issued and outstanding as of both March 31, 2024 and December 31, 2023		-	-
Series B preferred stock, \$0.00001 par value; 787,754 shares authorized; 15,759 shares issued and outstanding as of both March 31, 2024 and December 31, 2023		-	-
Series C preferred stock, \$0.00001 par value; 1,000 shares authorized; 290 shares issued and outstanding as of both March 31, 2024 and December 31, 2023		-	-
Common stock, \$0.00001 par value; 100,000,000 shares authorized; 1,406,348 and 905,008 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively		14	9
Additional paid-in capital		38,289,871	33,788,284
Accumulated deficit		(24,670,979)	(33,245,940)
Total stockholders' equity		<u>13,618,906</u>	<u>542,353</u>
Total liabilities and stockholders' equity	\$	<u>16,739,269</u>	\$ <u>12,532,913</u>

The accompanying notes are an integral part of the unaudited consolidated financial statements.

TRxADE HEALTH, INC.
Condensed Consolidated Statements of Operations
For the Three and Nine Months Ended **September 30, 2023** **March 31, 2024** and **2022** **2023**
(Unaudited)

	2023		2022		2024		2023	
	Three Months Ended		Nine Months Ended		Three Months Ended			
	September 30,		September 30,		March 31,			
	2023	2022	2023	2022	2024	2023		
Revenues	\$ 2,058,028	\$ 2,055,803	\$ 5,919,786	\$ 7,993,805	\$ -	\$ 493,316		
Cost of sales	353,450	683,375	1,072,934	3,991,234	-	420,097		
Gross profit	1,704,578	1,372,428	4,846,852	4,002,571	-	73,219		
Operating expenses:								
Wage and salary expense	698,030	849,371	2,077,362	2,949,386	223,172	203,401		
Professional fees	418,294	82,710	782,286	256,807	179,553	135,954		
Accounting and legal expense	408,957	191,007	782,495	567,086	339,047	248,216		
Technology expense	410,612	238,577	1,010,374	690,875	53,859	43,717		
General and administrative expense	613,834	229,526	1,264,902	1,392,130				
General and administrative					4,700,840	248,021		
Total operating expenses	2,549,727	1,591,191	5,917,419	5,856,284	5,496,471	879,309		
Operating loss	(845,149)	(218,763)	(1,070,567)	(1,853,713)	(5,496,471)	(806,090)		
Nonoperating income (expense)								
Non-operating income (expense):								
Change in fair value of warrant liability	925,320	-	(443,308)	-	(729,889)	79,891		
Interest income	-	8,396	4,198	8,396	62,921	4,198		
Gain (loss) on disposal of assets	-	-	-	2,200				
Loss on disposal of asset					(374,968)	(352,244)		
Interest expense	(251,778)	(130,107)	(494,904)	(140,626)	(98,515)	(62,392)		
Total nonoperating income (expense)	673,542	(121,711)	(934,014)	(130,030)				
Total non-operating expense					(1,140,451)	(330,547)		
Net loss from continuing operations	(171,607)	(340,474)	(2,004,581)	(1,983,743)	(6,636,922)	(1,136,637)		
Net loss on discontinued operations	(3,353,507)	(188,268)	(4,123,028)	(623,096)				
Net loss	\$ (3,525,114)	\$ (528,742)	\$ (6,127,609)	\$ (2,606,839)				
Net loss attributable to TRxADE Health, Inc.	\$ (3,525,114)	\$ (503,003)	\$ (6,127,609)	\$ (2,546,913)				
Net loss attributable to non-controlling interests	-	(25,739)	-	(59,926)				
Net income on discontinued operations					27,882,955	458,684		
Net income(loss)					\$ 21,246,033	\$ (677,953)		
Net loss per common share from continuing operations								
Basic	\$ (0.22)	\$ (0.57)	\$ (2.83)	\$ (3.52)	\$ (6.40)	\$ (1.69)		
Diluted	\$ (0.07)	\$ (0.57)	\$ (0.87)	\$ (3.51)	\$ (6.40)	\$ (1.69)		
Net loss per common share from discontinued operations								

Net income per common share from discontinued operations												
Basic	\$	(4.35)	\$	(0.34)	\$	(5.82)	\$	(1.14)	\$	26.89	\$	0.68
Diluted	\$	(1.42)	\$	(0.34)	\$	(1.79)	\$	(1.14)	\$	22.01	\$	0.68
Net loss attributable to common stockholders												
Net income/(loss)												
Basic	\$	(4.57)	\$	(0.91)	\$	(8.65)	\$	(4.66)	\$	20.49	\$	(1.01)
Diluted	\$	(1.49)	\$	(0.91)	\$	(2.66)	\$	(4.64)	\$	16.77	\$	(1.01)
Weighted average common shares outstanding												
Basic		771,192		549,977		708,116		546,879		1,036,756		670,716
Diluted		2,363,233		551,724		2,300,157		548,626		1,266,977		670,716

The accompanying notes are an integral part of the unaudited consolidated financial statements.

TRxADE HEALTH, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the Three and Nine Months Ended **September 30, 2023**, **March 31, 2024**, and **2022** 2023
(Unaudited)

	Series B		Series A		Common Stock		Additional	Accumulated	Noncontrolling	Total	Series
	Preferred Stock		Preferred Stock		Common Stock		Paid-In	Deficit	Interests in	Stockholders'	Preferred
	Shares	Amount	Shares	Amount	Shares	Amount	Capital		Subsidiaries	Equity	Shares
Balance at December 31, 2022	-	\$ -	-	\$ -	626,247	\$ 6	\$ 20,482,666	\$ (19,719,536)	\$ (420,269)	\$ 342,867	
Balances at December 31, 2022											- \$
Common stock issued for services	-	-	-	-	14,362	-	63,486	-	-	63,486	-
Warrants exercised for cash	-	-	-	-	40,116	1	6	-	-	7	-
Disposition of assets, related party	-	-	-	-	-	-	-	492,030	420,269	912,299	-
Options expense	-	-	-	-	-	-	14,434	-	-	14,434	-
Net Loss	-	-	-	-	-	-	-	\$ (677,953)	-	(677,953)	-
Balance at March 31, 2023	-	\$ -	-	\$ -	680,725	\$ 7	20,560,592	\$ (19,905,459)	\$ -	\$ 655,140	
Common stock issued for services	-	-	-	-	-	-	15,813	-	-	15,813	-
Warrants exercised for cash	-	-	-	-	1,795	-	1,615	-	-	1,615	-
Options expense	-	-	-	-	-	-	7,783	-	-	7,783	-
Net Loss	-	-	-	-	-	-	-	(1,974,878)	-	(1,974,878)	-
Balance at June 30, 2023	-	\$ -	-	\$ -	682,520	\$ 7	\$ 20,585,803	\$ (21,880,337)	\$ -	\$ (1,294,527)	
Options expense	-	-	-	-	-	-	3,761	-	-	3,761	-
Disposition of assets	-	-	-	-	-	-	-	3,875,476	-	3,875,476	-
Shares issued pursuant to merger agreement	-	-	15,759	-	136,441	1	12,500,088	-	-	12,500,089	-
Net Loss	-	-	-	-	-	-	-	(3,525,114)	-	(3,525,114)	-
Balance at September 30, 2023	-	\$ -	15,759	\$ -	818,961	\$ 8	33,089,652	\$ (21,529,975)	\$ -	\$ 11,559,685	
Net loss											-

Balance at																	
September	-	\$	-	-	\$	-	559,913	\$	6	\$	20,193,348	\$	(18,794,350)	\$	(42,426)	\$	1,356,578
30, 2022																	
Balance	-		-	-		-	<u>559,913</u>		<u>6</u>		<u>20,193,348</u>		<u>(18,794,350)</u>		<u>(42,426)</u>		<u>1,356,578</u>

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

TRxADE HEALTH, INC.
Condensed Consolidated Statements of Cash Flows
For The **Nine Three Months Ended September 30, 2023** **March 31, 2024** and **2022 2023**
(Unaudited)

	Nine months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net loss from continuing operations	\$ (2,004,581)	\$ (1,983,743)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	8,464	11,815
Options expense	25,978	67,439
Common stock issued for services	79,299	107,430
Bad debt recovery	-	(98,841)
Gain on disposal of asset	-	(4,100)
Amortization of intangible assets	325,916	29,400
Changes in operating assets and liabilities:		
Accounts receivable, net	(212,292)	227,508
Prepaid assets and deposits	(138,450)	198,088
Inventory	(39,013)	(19,671)
Other receivables	-	(875,250)
Operating lease right-of-use assets	152,121	132,847
Other assets	-	-
Operating lease liabilities	(145,707)	(120,401)
Accounts payable	854,171	267,384
Accrued liabilities	43,729	(178,714)
Inventory deposits	-	-
Current liabilities	(5,127)	105,926
Warrant liability	443,308	-
Net cash used in operating activities from continuing operations	(612,184)	(2,132,883)
Net cash used in operating activities from discontinued operations	(593,893)	(623,096)
Net cash used in operating activities	(1,206,077)	(2,755,979)
Cash flows from investing activities:		
Proceeds from sale of fixed assets	-	23,000
Cash received in acquisitions	5,546	-
Investment in capitalized software	-	(335,902)
Net cash provided by (used in) investing activities from continuing operations	5,546	(312,902)
Net cash provided by investing activities from discontinued operations	68,737	-
Net cash provided by (used in) investing activities	74,283	(312,902)
Cash flows from financing activities:		
Proceeds from the issuance of debt	200,000	-
Proceeds from repayment of notes receivable	25,000	-
Repayment of contingent liability	(1,755,688)	(282,857)
Proceeds from sale of future revenue	2,100,000	825,000
Distributions to non-controlling interest	-	(275,000)
Proceeds from exercise of warrants	1,622	875
Net cash provided by financing activities from continuing operations	570,934	268,018
Net cash used in financing activities from discontinued operations	(500,000)	-
Net cash provided by financing activities	70,934	268,018
Net change in cash	(1,060,860)	(2,800,863)
Cash at beginning of the year	1,094,891	3,122,578
Cash at end of the period	\$ 34,031	\$ 321,715
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 494,408	\$ 3,328
Cash paid for income taxes	\$ -	\$ -
Non-cash Transactions		
Insurance premium financed	\$ 306,152	\$ 220,354
Note cancelled from SOSRx agreement termination	\$ 500,000	\$ -
Note issued as SOSRx contribution	\$ -	\$ 500,000
Intangible asset contribution from non-controlling interest	\$ -	\$ 792,500
Disposition of assets, related party	\$ 492,030	\$ -

	Three Months Ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net loss from continuing operations	\$ (6,636,922)	\$ (1,136,637)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	500	2,821
Options expense	24,266	14,434
Common stock issued for services	4,450,919	63,486
Adjustment to allowance for bad debt	-	(32,074)
Amortization of right of use assets	7,803	49,498
Changes in operating assets and liabilities:		
Accounts receivable, net	1,555	52,761
Prepaid expenses and deposits	(135,013)	(22,866)
Inventory	(4,404)	(6,672)
Other receivables	(7,816,763)	-
Lease liability	(7,920)	(47,359)
Accounts payable	(544,127)	(166,887)
Accrued liabilities	329,876	(210,844)
Current liabilities	(62,390)	161,648
Warrant liability	729,889	(79,891)
Net cash used in operating activities from continuing operations	<u>(9,662,731)</u>	<u>(1,358,582)</u>
Net cash (used in) provided by operating activities from discontinued operations	<u>(526,942)</u>	<u>427,051</u>
Net cash used in operating activities	<u>(10,189,673)</u>	<u>(931,531)</u>
Cash flows from investing activities:		
Investment in securities	<u>(2,500,000)</u>	<u>(87,072)</u>
Net cash used in investing activities from continuing operations	<u>(2,500,000)</u>	<u>(87,072)</u>
Net cash provided by investing activities from discontinued operations	<u>29,932,589</u>	<u>420,269</u>
Net cash provided by investing activities	<u>27,432,589</u>	<u>333,197</u>
Cash flows from financing activities:		
Repayment of contingent liability	(1,246,346)	(143,750)
Cash dividends paid	(12,671,072)	-
Proceeds from sale of future revenue	-	825,000
Proceeds from exercise of warrants	16,567	7
Proceeds from exercise of options	9,840	-
Net cash (used in) provided by financing activities from continuing operations	<u>(13,891,011)</u>	<u>681,257</u>
Net cash used in financing activities from discontinued operations	<u>(5,000)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(13,896,011)</u>	<u>681,257</u>
Net change in cash	<u>3,346,905</u>	<u>82,923</u>
Cash at beginning of period	151,907	1,111,156
Cash at end of period	<u>\$ 3,498,812</u>	<u>\$ 1,194,079</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -
Non-Cash Transactions		
Other receivable pursuant to disposition	\$ 7,500,000	\$ -
Insurance premium financed	\$ -	\$ 224,055
Note issued as SOSRx contribution	\$ -	\$ 500,000
Disposition of assets, related party	\$ -	\$ 492,030

The accompanying notes are an integral part of the unaudited consolidated financial statements.

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Overview

TRXADE HEALTH, INC. (“we”, “our”, “Trxade”, and the “Company”) owns, as of March 31, 2024, 100% of Trxade, Inc., Integra Pharma Solutions, LLC, Community Specialty Pharmacy, LLC, Alliance Pharma Solutions, LLC, Bonum Health, LLC, Superlatus, Inc. and its wholly-owned subsidiary, Sapiaientia Technologies, LLC (“Sapiaientia”), and The Urgent Company, Inc. On July 31, 2023, the Company merged with Superlatus, Inc. (see “Merger”, below). On September 27, 2023, the Company acquired The Urgent Company, Inc. (see Note 3), Bonum Health, LLC.

During the year ended December 31, 2023 and a portion of the quarter ended March 31, 2024, Trxade, Inc., operates operated a web-based market platform that enables commerce among healthcare buyers and sellers of pharmaceuticals, accessories and services.

Integra Pharma Solutions, LLC (“IPS” d.b.a. Trxade Prime), is a licensed pharmaceutical wholesaler and sells brand, generic and non-drug products to customers. IPS customers include all healthcare markets including government organizations, hospitals, clinics and independent pharmacies nationwide.

Community Specialty Pharmacy, LLC, (“CSP”) is an accredited independent retail pharmacy with a focus on a community-based model offering home delivery services to patients.

Alliance Pharma Solutions, LLC (“APS”, d.b.a. DelivMeds) is currently being rebranded and the consumer-based app is still being developed. To date, we have not generated any revenue from this product.

On January 20, 2023, the Company entered into Membership Interest Purchase Agreements to sell 100% of the outstanding membership interests of the Company’s former subsidiaries, CSP Community Specialty Pharmacy, LLC (“CSP”) and APS, Alliance Pharma Solutions, LLC (“APS” d.b.a. DelivMeds). The Company will receive consideration in the amount of \$125,000 for APS and \$100,000 for CSP. The Company also agreed to enter into a Master Service Agreement to operate the businesses prior to closing. Additional amounts owed to the Company as a result of this Master Service Agreement totaled \$1,075,000 as of the closing date of August 22, 2023 (see Note 3 and Note 6 7).

Bonum Health, LLC (“Bonum Health”), was formed to hold certain telehealth assets acquired in October 2019. The “Bonum Health Hub” was launched in February 2020; however, due to the COVID-19 pandemic, the Company does not anticipate installations moving forward. The Bonum Health mobile application is available on a subscription basis, primarily as a stand-alone telehealth software application that can be licensed on a business-to-business (B2B) model to clients as an employment health benefit for the clients’ employees.

SOSRx, LLC (“SOSRx”) was formed on February 15, 2022. The Company entered into a relationship with Exchange Health, LLC (“Exchange Health”), a technology company providing an online platform for manufacturers and suppliers to sell and purchase pharmaceuticals. SOSRx, a Delaware limited liability company, was formed, which was owned 51% by the Company and 49% by Exchange Health. SOSRx did not generate material revenue and in February of 2023, the Company voluntarily withdrew from the joint venture agreement. As part of the voluntary withdrawal the Company has recorded a loss of \$352,244 from disposal of assets, which is included in net loss on discontinued operations in the unaudited consolidated statement of operations in the amount of for the nine-month period ended September 30, 2023.

Merger

On July 14, 2023, the Company entered into an Amended and Restated Agreement and Plan of Merger (the “Merger Agreement”) with Superlatus, Inc., a U.S.-based holding company of food products and distribution capabilities (“Superlatus”) and Foods Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“Merger Sub”).

Superlatus is a diversified food technology company with distribution capabilities and systems to optimize food security and population health via innovative Consumer Packaged Goods (“CPG”) products, agritech, foodtech, plant-based proteins and alt-protein and includes wholly-owned subsidiary, Sapiientia, Inc. (“Sapiientia”), a food tech business.

On July 31, 2023 (the “Closing Date”), the Company completed its acquisition of Superlatus in accordance with the terms and conditions of the Merger Agreement (the “Merger”), pursuant to which the Company acquired Superlatus by way of a merger of the Merger Sub with and into Superlatus, with Superlatus being a wholly owned subsidiary of the Company and the surviving entity in the Merger.

Under the terms of the Merger Agreement, at the closing of the Merger (the “Closing”), shareholders of Superlatus received in aggregate 136,441 shares of common stock of the Company, representing 19.99% of the then total issued and outstanding common stock of the Company after the consummation of the Merger and 306,855 shares of Company’s Series B Preferred Stock, par value \$0.00001 per share (the “Series B Preferred Stock”), with a conversion ratio of 100 shares of Series B Preferred Stock to one share of common stock. At Closing, the value of the common stock was \$7.30 per share, resulting in a total value of \$225,000,169. Upon consummation of the Merger, the Company continued to trade under the current ticker symbol “MEDS.”

As a condition and inducement to Superlatus’ willingness to enter into the Merger Agreement, on June 28, 2023, Suren Ajjarapu and Prashant Patel (the “Principal Stockholders”) entered into an agreement with TRxADE (the “Stock Swap Agreement”), pursuant to which, TRxADE will transfer all of the shares or membership interest of the operating subsidiaries currently owned by TRxADE to Principal Stockholders, in exchange for Suran Ajjarapu to surrender 85,000 share of common stock of TRxADE and Prashant Patel to surrender 81,666 shares of the common stock of TRxADE (the “Stock Swap Transaction”). The closing of the Stock Swap Transaction shall take place simultaneously with the approval of TRxADE stockholders of the conversion of the Series B preferred stock into common stock. The closing of the Stock Swap Transaction is subject to the simultaneous condition that the Merger. As of the date of this filing, TRxADE stockholders have not approved the conversion. The Company is in the process of preparing a proxy merger, which is expected to occur in 2024. This will complete all contingencies of Merger Agreement and Stock Swap Agreement and result in a reverse capitalization.

In connection with the Merger, on July 31, 2023, certain Superlatus shareholders as of immediately prior to the Merger, and certain directors and officers of MEDS as of immediately prior to the Merger, entered into lock-up agreements with the Company, pursuant to which each such stockholder will be subject to a 360 day lockup on the sale or transfer of shares of common stock or securities convertible into or exercisable for or exchangeable for common stock held by each such stockholder at the closing of the Merger (the “Lock-up Agreements”).

In connection with the Merger, effective one (1) business day immediately prior to the Closing Date (the “MEDS Rights Record Date”), the Company issued to the shareholders of the Company as of the MEDS Rights Record Date, including the independent directors who are entitled to certain amount of common stock of the Company in connection with their 2023 annual compensation and regardless of whether the common stock has been issued or vest before the MEDS Rights Records Date (collectively, the “MEDS Rights Shareholders”) a non-transferrable right to receive one share of common stock of the Company at no cost (the “MEDS Rights”), with seven (7) MEDS Rights issued per share of common stock of the Company held as of the MEDS Rights Record Date, conditioned upon their execution of a Registration Rights Agreement. Such issuances will be made in reliance on the exemption from registration pursuant to Section 3(a)(9) or Section 4(a)(2) of the Securities Act, Regulation D under the Securities Act promulgated thereunder, and corresponding provisions of state securities or “blue sky” laws. The MEDS Rights are not actionable or transferable until registration; provided they become transferable one year after the date of the Merger if no registration has occurred. As of the date of this filing, no MEDS Rights shares have been issued.

Not all of the closing conditions of the Merger Agreement were met. As a result, the Company entered into Amendment No. 1 to the Amended and Restated Agreement and Plan of Merger (the “Amendment”) on January 8, 2024. Under the terms of the Amendment, the merger consideration to the shareholders of Superlatus was adjusted to the aggregate of 136,441 shares of common stock of the Company, representing 19.99% of the total issued and outstanding common stock of the Company after the consummation of the Merger and 15,759 shares of Company’s Series B Preferred Stock, par value \$0.00001 per share (the “Series B Preferred Stock”), with a conversion ratio of 100 shares of Series B Preferred Stock to one share of common stock. At Closing, the value of the common stock was \$7.30 per share, resulting in a total value of \$12,500,089. Additionally, the shareholders of Superlatus agreed to surrender back to the Company 289,731 291,096 shares of the Company’s Series B Preferred Stock. Upon consummation of the Amended Merger Agreement, As described below, in March 2024 the Company continues to trade under the current ticker symbol “MEDS.” divested of its interest in Superlatus.

Dispositions

On February 16, 2024, the Company, together with Trxade, Inc., and Micro Merchant Systems, Inc. (“MMS”) entered into an asset purchase agreement (the “APA”) under which MMS agreed to purchase for cash substantially all of the assets of Trxade, Inc. On February 16, 2024, the parties consummated the closing of the transactions contemplated by the APA. Trxade, Inc. operated a web-based market platform designed to enable trading among healthcare buyers and sellers of pharmaceuticals, accessories and services. The purchase price paid at closing was \$22,660,182 Pursuant to the terms and conditions of the APA, because MMS received \$1,600,000 or greater in certain collections from third parties resulting from any products or services sold, or provided, by the business assets and operations acquired from Trxade, Inc. during the period ending on the four-month anniversary of the closing date, Trxade, Inc. was due an additional \$7,500,000 payment from MMS. The Company received the \$7,500,000 in May 2024 (see Note 19).

On March 5, 2024, the Company entered in a Stock Purchase Agreement (“SPA”) with Superlatus Foods Inc. (the “Buyer”). Pursuant to the SPA, the Company sold all of the issued and outstanding stock of Superlatus Inc., to the Buyer. The \$1.00 purchase price for the Stock was delivered to the Company at the closing, which occurred simultaneously with the execution of the SPA. As a result of the transaction Superlatus is no longer a subsidiary of the Company, and the rights and assets of Superlatus together with various liabilities and obligations that were specific to Superlatus became rights and obligations of Buyer.

See Note 3 for further detail on the dispositions.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements of TRxADE HEALTH, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and the rules of the SEC and should be read in conjunction with the audited financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the SEC on March 27, 2023 April 22, 2024.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. All significant intercompany balances and transactions have been eliminated in consolidation. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements that would substantially duplicate the disclosures contained in the audited financial statements for the year ended **December 31, 2022** **December 31, 2023**, as reported in the Company's Annual Report on Form 10-K have been omitted.

Use of Estimates

The preparation of condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from its estimates. To the extent there are material differences between estimates and the actual results, future results of operations will be affected. Significant estimates for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** include the valuation of intangible assets, including **goodwill**, **goodwill**, and **gain (losses) on dispositions**.

Fair value of financial instruments

The carrying amounts for cash, accounts receivable, accounts payable, accrued liabilities, and other current liabilities approximate their fair value because of their short-term maturity.

Stock Split

Effective June 21, 2023, the Company executed a 1:15 reverse stock split for stockholders of record on that **date date**. This was executed to comply with the Nasdaq Listing Rule 5550(a)(2) to have the price of the stock above \$**1** **1.00**.

Recently Issued Accounting Pronouncements

In **June 2016**, **November 2023**, the **Financial Accounting Standards Board ("FASB")** **FASB** issued **Accounting Standards Update ("ASU")** **ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures**. The new guidance requires enhanced disclosure of significant expenses that are regularly reported to the chief operating decision maker and the nature of segment expense information used to manage operations. The new guidance is effective for all public companies for annual reporting periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company will adopt the new standard in annual reporting period beginning after December 15, 2023 and is currently evaluating the impacts of the new guidance on its disclosure within the financial statements.

In December 2023, the FASB issued ASU 2023-09, **Income Taxes (Topic 740): Improvements to Income Tax Disclosures**. The new guidance requires disaggregated information about the effective tax rate reconciliation and additional information on taxes paid that meet a quantitative threshold. The new guidance is effective for public companies for annual reporting periods beginning after December 15, 2024, and for non-public companies for annual reporting periods beginning after December 15, 2025, with early adoption permitted for both. The Company will adopt the new standard in annual reporting period beginning after December 15, 2025, and is currently evaluating the impacts of the new guidance on its disclosures within the consolidated financial statements.

Accounts Receivable, net

On January 1, 2023, the Company adopted ASU 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 requires companies to measure credit losses utilizing a methodology that reflects expected credit losses and requires a consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted ASU 2016-13 effective January 1, 2023. The Company determined that the update applied to trade receivables, but that there was no material impact to the consolidated financial statements from the adoption of ASU 2016-13.

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)". This ASU reduces the number of accounting models for convertible debt instruments and convertible preferred stock and amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. In addition, this ASU improves and amends the related earnings per share guidance. This standard is effective for us on January 1, 2022, including interim periods within those fiscal years. Adoption is either a modified retrospective method or a fully retrospective method of transition. The adoption of ASU 2020-06 did not have a material impact on our financial statements.

Accounts Receivable, net

On January 1, 2023, the Company adopted ASU 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and its related amendments using the prospective method. The new standard requires the use of a current expected credit loss impairment model to develop and recognize credit losses for financial instruments at amortized cost when the asset is first originated or acquired, and each subsequent reporting period.

The Company's receivables are from customers and are typically collected within 90 days. The Company determines the allowance based on known troubled accounts, historical experience, and other currently available evidence.

The Company had an account receivable with a single customer, GSG PPE, LLC ("GSG") **Other Receivables**

As of **March 31, 2024** and **December 31, 2023**, for the amount of **other receivables** are **\$630,000** **9,041,465**, which was past due. The Company had obtained a Note Receivable which was due on September 30, 2021 and remained unpaid. The Company did not believe the amount to be collectible without legal actions, and therefore, recorded bad debt expense reflected on the consolidated statement of operations during the year ended December 31, 2021. The note was not paid pursuant to its terms and the Company had filed a suit to collect on the note and the personal guaranty securing the note. The Company settled the lawsuit in June of 2022. During the nine months ended September 30, 2023, and 2022, there was a bad debt recovery from the GSG lawsuit of **\$32,074** and **\$98,841** **1,224,702** respectively.

Other Receivables, net

The Company's other receivables balance is from one vendor. On May 20, 2022, effective as of May 18, 2022, Community Specialty Pharmacy, LLC ("CSP") entered into an agreement to acquire COVID-19 testing kits from a third-party vendor for an aggregate of \$1,200,000, of which \$875,000 was paid on May 23, 2022. The Company received the COVID-19 testing kits in July 2022. On August 18, 2022 the Company was informed by the vendor that the vendor had received a letter from the U.S. Food and Drug Administration ("FDA") that the COVID-19 test kits were misbranded under Section 502(o) of the Federal Food, Drug, and Cosmetic Act ("FDC Act") (21 USC 352(o)) and adulterated under Section 501(f) of the FDC Act (21 USC 351(f)). Furthermore, the vendor informed the Company that the letter from the FDA also stated that because of the FDA's prohibition on the distribution of adulterated and/or misbranded devices applies to all parties along the distribution chain, the FDA was advising the vendor against furthering the distribution of the COVID-19 test kits in interstate commerce. The company wrote the amount off as a loss of inventory as of December 31, 2022. As of September 30, 2023 and December 31, 2022 **March 31, 2024**, other receivables included the balance of this receivable was **\$0** **7,500,000**.

On August 22, 2023, the Company completed the sale of CSP and APS (see Note 3). The net balance payment due from MMS related to the Company from these entities, **Trxade disposition**, which was received in excess of the Note Receivable (see Note 6), was **\$115,684** as of September 30, 2023. **May 2024**.

Acquisitions

The Company accounts for acquisitions and investments in businesses as business combinations if the target meets the definition of a business and (a) the target is a variable interest entity (“VIE”) and the Company is the target’s primary beneficiary, and therefore the Company must consolidate its financial statements, or (b) the Company acquires more than 50% of the voting interest of the target and it was not previously consolidated. The Company records business combinations using the acquisition method of accounting, which requires all the assets acquired and liabilities assumed to be recorded at fair value as of the acquisition date. The excess of the purchase price over the estimated fair values of the net tangible and intangible assets acquired is recorded as goodwill.

The application of the acquisition method of accounting for business combinations requires management to make significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in order to properly allocate purchase price consideration between assets that are depreciated and amortized from goodwill. The fair value assigned to tangible and intangible assets acquired and liabilities assumed are based on management’s estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. Significant assumptions and estimates include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital, and the cost savings expected to be derived from acquiring an asset, if applicable.

If the actual results differ from the estimates and judgments used in these estimates, the amounts recorded in the Company’s financial statements may be exposed to potential impairment of the intangible assets and goodwill.

If the Company’s investment involves the acquisition of an asset or group of assets that does not meet the definition of a business, the transaction is accounted for as an asset acquisition. An asset acquisition is recorded at cost, which includes capitalizing transaction costs, and does not result in the recognition of goodwill.

Intangible Assets and Goodwill

The Company tests indefinite-lived intangible assets for impairment on an annual basis or whenever events or changes occur that would more-likely-than not reduce the fair value of the indefinite-lived intangible asset below its carrying value between annual impairment tests. Any indefinite-lived intangible asset assessment is performed at the Company level.

The Company did not record an indefinite-lived intangible asset impairment charge for the three and nine months ended **September 30, 2023**, **March 31, 2024** and **2022, 2023**.

Investments

The Company accounts for investments that it does not control using the cost method, equity method or fair value method, as applicable. Investments in companies in which the Company owns less than a 20% equity interest and where it does not exercise significant influence over the operating and financial policies of the investee are accounted for using the cost method of accounting. The Company periodically reviews the carrying value of these investments to determine if there has been an other-than-temporary decline in fair value below carrying value. A variety of factors are considered when determining if a decline in fair value below carrying value is other-than-temporary, including, among others, the financial condition and business prospects of the investee, as well as the Company’s investment intent. Cost method investments are carried at cost, which approximates or is less than fair value. Dividends received by the Company are recognized in equity (losses) earnings of affiliates, net of tax on the consolidated statements of operations.

On February 29, 2024, the Company’s wholly owned subsidiary Trxade, Inc. entered into a Subscription Agreement (the “Subscription Agreement”) with Lafayette Energy Corp., a Delaware corporation (“Lafayette”). Pursuant to the Subscription Agreement, Trxade, Inc. will, in two equal tranches, invest a total of up to \$5,000,000 in Lafayette in exchange for up to 2,000,000 shares of Lafayette’s newly created Series A Convertible Preferred Stock, with the second tranche becoming payable only upon Trxade, Inc.’s receipt of notice that Lafayette has successfully drilled its first oil and gas well and produced at least one hundred (100) barrels of oil. Mr. Michael Peterson is a director of the Company as well as the CEO of Lafayette and a member of Lafayette’s board of directors. This relationship was disclosed to the Company’s Board of Directors and the audit committee of the Board of Directors prior to, and at the time that the terms of the Subscription Agreement and the transaction effected thereby were approved by the Board of Directors as a whole and the members of the audit committee.

As of March 31, 2024, the Company’s investment in Lafayette was \$2,500,000. The Company determined there was no impairment necessary as of March 31, 2024.

Income (loss) Per Common Share

Basic net income per common share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding. Diluted net income per common share is computed similar to basic net income per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. The dilutive effect of the Company’s options and warrants is computed using the treasury stock method. As of **September 30, 2023**, **March 31, 2024**, we had **177,536**, **190,242** outstanding warrants to purchase shares of common stock, **15,759** shares of Series B preferred stock, **290** shares of Series C preferred stock and **17,852**, **23,930** options to purchase shares of common stock. As part of the termination of the White Lion deal, White Lion was issued 50,000 shares of stock per the agreement on March 1, 2023. Armistice Capital executed its pre-funded warrants on January 4, 2023, and purchased 601,740 shares of stock with a purchase price of \$6.02.

The following table sets forth the computation of basic and diluted loss per share:

	2023		2022		2024		2023	
	For the Three Months Ended		For the Nine Months Ended		Three Months Ended		March 31,	
	September 30,		September 30,		2024		2023	
	2023	2022	2023	2022	2024	2023	2024	2023
Numerator:								
Net loss from continuing operations	\$ (171,607)	\$ (314,735)	\$ (2,004,581)	\$ (1,923,817)	\$ (6,636,922)	\$ (1,136,637)		
Net loss from discontinued operations	\$ (3,353,507)	\$ (188,268)	(4,123,028)	\$ (623,096)				
Numerator for basic and diluted EPS - income available to common stockholders	(3,525,114)	\$ (503,003)	(6,127,609)	\$ (2,546,913)				
Net income on discontinued operations					27,882,955	458,684		
Net income/(loss)					\$ 21,246,033	\$ (677,953)		
Denominator:								
Denominator for EPS – weighted average shares								
Basic	771,192	549,977	708,116	546,879				
Diluted	2,363,233	551,724	2,300,157	548,626				
Net loss per common share attributable to common stockholders								
Basic	\$ (4.57)	\$ (0.91)	\$ (8.65)	\$ (4.66)	1,036,756	670,716		
Diluted	\$ (1.49)	\$ (0.91)	\$ (2.66)	\$ (4.64)	1,266,977	670,716		

Net loss per common share from continuing operations												
Basic	\$	(0.22)	\$	(0.57)	\$	(2.83)	\$	(3.52)	\$	(6.40)	\$	(1.69)
Diluted	\$	(0.07)	\$	(0.57)	\$	(0.87)	\$	(3.51)	\$	(6.40)	\$	(1.69)
Net loss per common share from discontinued operations												
Net income per common share from discontinued operations												
Basic	\$	(4.35)	\$	(0.34)	\$	(5.82)	\$	(1.14)	\$	26.89	\$	0.68
Diluted	\$	(1.42)	\$	(0.34)	\$	(1.79)	\$	(1.14)	\$	22.01	\$	0.68
Net income/(loss)												
Basic									\$	20.49	\$	(1.01)
Diluted									\$	16.77	\$	(1.01)

Income taxes

The Company’s provision for income taxes was \$0 for the three months ended March 31, 2024, and \$0 for the three and nine months ended September 30, 2023, and \$0 for the three and nine months ended September 30, 2022 March 31, 2023, respectively. The income tax provisions for these three and nine month three-month periods are based upon estimates of annual income (loss), annual permanent differences and statutory tax rates in the various jurisdictions in which the Company operates. For all periods presented, the Company utilized net operating loss carryforwards to offset the impact of any taxable income. The Company’s tax rate differs from the applicable statutory rates due primarily to the establishment of a valuation allowance, utilization of deferred and the effect of permanent differences and adjustments.

NOTE 2 – GOING CONCERN

The accompanying interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business within one year after the date the consolidated financial statements are issued. In accordance with Financial Accounting Standards Board, or the FASB, Accounting Standards Update No. 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40), our management evaluates whether there are conditions or events, considered in aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued.

As of September 30, 2023 March 31, 2024, the Company had a retained an accumulated deficit of \$21,529,975 24,670,979. The Company has limited financial resources. As of September 30, 2023, However, after the Company’s MMS disposition, the Company had a working capital deficit \$3,498,812 in cash. Furthermore, the Company received \$7,500,000 in May 2024 pertaining to the final payment of \$3,544,460 and a cash balance of \$34,031. the MMS disposition. The Company will need to raise additional capital or secure debt funding to support on-going operations. The sources of this capital are expected to be the sale of equity and debt, which may not be available on favorable terms, if at all, and may, if sold, cause significant dilution to existing stockholders. If the Company is unable to access additional capital moving forward, it may hurt the Company’s ability to grow and to generate future revenues, financial position, and liquidity. These factors raise substantial doubt about the ability believes that its cash as of the Company to continue as a going concern. Unless Management is able to obtain additional financing, it is unlikely that the Company issuance date of these consolidated financial statements will be able sufficient to meet its funding requirements during the next 12 months. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3 – ACQUISITIONS AND DISPOSITIONS

Acquisitions - Provisional
Superlatus, Inc.

On July 31, 2023, the Company entered into the Merger Agreement (see Note 1) with Superlatus (“Seller”) whereby the Company acquired 100% of the stock of the Seller (the “Acquisition”). Superlatus includes a wholly-owned subsidiary, Sapiaentia. Consideration for the Acquisition consisted of (i) 136,441 shares of the Company’s common stock at a fair value of \$7.30 per share, representing 19.99% of the total issued and outstanding share of the Company’s common stock at Closing, and (ii) 306,855 shares of the Company’s Series B Preferred Stock, a new class of the Company’s non-voting convertible preferred stock with a conversion ratio of 100 to one. The total fair value of the common stock and Series B Preferred Stock on the Closing Date was \$225,000,169 (“Purchase Price”). On January 8, 2024, the Company entered into Amendment No. 1 to the Agreement and Plan of Merger (the “Amendment”). Under the terms of the Amendment, the merger consideration to the shareholders of Superlatus was adjusted to an aggregate of 136,441 shares of common stock of the Company, representing 19.99% of the total issued and outstanding common stock of the Company after the consummation of the Merger and 15,759 shares of Company’s Series B Preferred Stock, par value \$0.00001 per share, with a conversion ratio of 100 shares of Series B Preferred Stock to one share of common stock. The total fair value of the common stock and Series B Preferred Stock on the Closing Date was adjusted to \$12,500,089 (“Amended Purchase Price”). Additionally, the shareholders of Superlatus agreed to surrender back to the Company 289,731 shares of the Company’s Series B Preferred Stock previously received before the amendment. Amendment.

The acquisition of Superlatus was accounted for as a business combination using the acquisition method pursuant to FASB ASC Topic 805. As the acquirer for accounting purposes, the Company had estimated the Purchase Price, assets acquired and liabilities assumed as of the acquisition date, with the excess of the Purchase Price over the fair value of net assets acquired recognized as goodwill. An independent valuation expert assisted the Company in determining these fair values.

Accounting guidance provides that an acquirer must recognize adjustments to provisional amounts that are identified during the measurement period, which runs through July 31, 2024, in the measurement period in which the adjustment amounts are determined. The acquirer must record in the financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the changes to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. Items that could be subject to adjustment include credit fair value adjustments on loans, core deposit intangible and the deferred income tax assets resulting from the acquisition.

The provisional Amended Purchase Price allocation as of the acquisition date is presented as follows:

	July 31, 2023	July 31, 2023
Purchase consideration:		
Common Stock, at fair value	\$ 996,019	\$ 996,019
Series B Preferred Stock, at fair value	11,504,070	11,504,070
Total purchase consideration	<u>\$ 12,500,089</u>	<u>\$ 12,500,089</u>
Purchase price allocation:		
Cash	\$ 5,546	\$ 5,546
Prepaid expenses	3,705	3,705
Inventory	122,792	122,792
Intangible assets, net	9,777,478	9,777,479
Goodwill	5,129,116	5,129,115
Assets acquired	<u>15,038,637</u>	<u>15,038,637</u>
Accounts payable and other current liabilities	(633,548)	(283,548)
Purchase price payable		(350,000)
Notes payable	<u>(1,905,000)</u>	<u>(1,905,000)</u>
Liabilities assumed	(2,538,548)	(2,538,548)
Net assets acquired	<u>\$ 12,500,089</u>	<u>\$ 12,500,089</u>

The Urgent Company, Inc.

On September 27, 2023, the Company entered into an Asset Purchase Agreement (“APA”) with The Urgent Company, Inc. (“TUC”) and its wholly owned subsidiaries, pursuant to which, the Company was assigned certain inventory and property and equipment and assumed certain operating leases for consideration of a \$3,150,000 4,400,000 in promissory note notes (“Purchase Price”, see Note 11). This acquisition is expected Subsequent to enhance the Company’s production of sustainable food products and enable the expansion of market share. December 31, 2023, we divested our interest in The Urgent Company, LLC

The transaction was accounted for as an asset acquisition pursuant to FASB ASC Topic 805. As the acquirer for accounting purposes, the Company allocated the cost of the asset acquisition to the assets acquired and liabilities assumed as of the acquisition date based on their respective relative fair value as of the date of the transaction.

The following summarizes the provisional relative fair values of the assets acquired as of the acquisition date based on the allocation of the cost of the asset acquisition:

	September 27, 2023	September 27, 2023
Purchase consideration:		
Promissory note	\$ 3,150,000	\$ 4,400,000
Total purchase consideration	<u>\$ 3,150,000</u>	<u>\$ 4,400,000</u>
Allocation of cost of assets acquired:		
Inventory	\$ 2,960,235	\$ 4,168,830
Property and equipment	231,170	231,170
Operating right-of-use assets	383,218	
Assets acquired	<u>3,574,623</u>	4,400,000
Liabilities assumed	<u>(424,623)</u>	
Net assets acquired	<u>\$ 3,150,000</u>	<u>\$ 4,400,000</u>

Dispositions and Divestitures

SOSRx, LLC

On and effective on, February 1, 2023, the Company, Exchange Health and SOSRx, entered into a Voluntary Withdrawal and Release Agreement, which was replaced in its entirety, corrected, and became effective on February 4, 2023 (as replaced and corrected, the "Release Agreement").

As part of the Release Agreement, a note payable to Exchange Health was forgiven in the amount of \$500,000 and \$15,000 in accounts payable was waived. Effective February 4, 2023, the operations of SOSRx were discontinued and operations were shut down. As a result of this, the assets and liabilities of SOSRx have been reflected as assets and liabilities of discontinued operations in the Company's consolidated balance sheets. As of September 30, 2023 and December 31, 2022 as follows:

	September 30, 2023	December 31, 2022
Cash	\$ -	\$ 22,474
Accounts receivable	-	363
Total assets of discontinued operations	\$ -	\$ 22,837
Accounts payable	\$ -	\$ 46,500
Total liabilities of discontinued operations	\$ -	\$ 46,500

The terms of the Release Agreement qualifies the transaction as a discontinued operation in accordance with U.S. GAAP. As a result, operating results and cash flows related to the SOSRx operations have been reflected as discontinued operations in the Company's consolidated statements of operations, consolidated statements of cash flows and consolidated statements of shareholders' equity.

Alliance Pharma Solutions, LLC and Community Specialty Pharmacy, LLC

On August 22, 2023, the Company and Wood Sage, LCC LLC ("Wood Sage") entered into a Membership Interest Purchase Agreement, pursuant to which the Company sold 100% of the membership interest in Alliance Pharma Solutions, LLC ("ASP MIPA") for consideration of a \$125,000 promissory note ("ASP Sale Price") and a Membership Interest Purchase Agreement, pursuant to which the Company sold 100% of the membership interest in Community Specialty Pharmacy, LLC ("CSP MIPA") in exchange for a \$100,000 promissory note ("CSP Sale Price").

The divestiture of APS and CSP represents an intentional strategic shift in the Company's operations and will allow the Company to become focused on food technology. As a result, the results of APS and CSP were classified as discontinued operations in our condensed statements of operations and excluded from both continuing operations and segment results for the three and nine months ended September 30, 2022 and March 31, 2023.

As part of recognizing the business as held for sale in accordance with U.S. GAAP, the Company was required to measure APS and CSP at the lower of its carrying amount or fair value less cost to sell. As a result of this analysis, during the three and nine months year ended September 30, 2023 and December 31, 2023, the Company recognized a non-cash, pre-tax loss on disposal of \$3,209,776 and \$3,300,225. The loss is included in "Net loss from discontinued operations" in the consolidated statements of operations. The loss was determined by comparing the fair value of the consideration received for the sale of a 100% interest in APS and CSP with the net assets of APS and CSP, respectively, immediately prior to the transaction.

As a result of the transactions, the following assets and liabilities of APS and CSP were transferred to Wood Sage as of August 22, 2023:

	Alliance Pharma Solutions, LLC	Community Specialty Pharmacy, LLC	Alliance Pharma Solutions, LLC	Community Specialty Pharmacy, LLC
Cash	\$ 1,050	\$ 61,988	\$ 1,050	\$ 61,988
Accounts receivable, net	-	11,452	-	101,901
Inventory	-	123,230	-	123,230
Prepaid assets	-	525	-	525
Intangible assets and capitalized software, net	739,337	-	739,337	-
Accounts payable	(23,982)	(231,876)	(23,982)	(231,876)
Accrued liabilities	-	(10,182)	-	(10,182)
Net assets sold	\$ 716,405	\$ (44,863)	\$ 716,405	\$ 45,586

Trxade, Inc.

On February 16, 2024, the Company, together with Trxade, Inc., a wholly owned subsidiary of the Company, and Micro Merchant Systems, Inc. ("MMS") entered into an asset purchase agreement (the "APA") under which MMS agreed to purchase for cash substantially all of the assets of Trxade, Inc. On February 16, 2024, the parties consummated the closing of the transactions contemplated by the APA. Trxade, Inc. The purchase price paid at closing was \$22,660,182. Subject to the terms and conditions of the APA, if, during the period beginning on the closing date and ending on the four-month anniversary of the closing date, MMS receives \$1,600,000 or greater in certain collections from third parties resulting from any products or services sold, or provided, by the business assets and operations acquired from Trxade, Inc., Trxade, Inc. would receive an additional \$7,500,000 payment from MMS. The Company received \$7,500,000 in May 2024.

The Trxade, Inc. APA was accounted for a business disposition in accordance with ASC 810-40-40-3A. As of February 16, 2024, the Company no longer consolidated the assets, liabilities, revenues and expenses of Trxade, Inc. The components of the disposition are as follows:

Cash received from MMS	\$ 22,660,182
Other receivable from MMS	7,500,000
Total fair value of consideration received	\$ 30,160,182
Carrying amount of assets and liabilities	
Cash	\$ 76,821
Accounts receivable, net	719,876
Prepaid expenses	55,397
Property, plant and equipment, net	45,655
Operating lease right-of-use assets	12,277
Accounts payable	(347,000)
Accrued liabilities	(5,269)
Other current liabilities	(26,244)
Lease liability - current	(1,556)
Notes payable, current portion	(45,000)
Lease liability, net of current portion	(10,720)
Total carrying amount of assets and liabilities	474,236
Gain on disposition of business	\$ 29,685,946

The gain on disposition of business of \$29,685,946 was included in income from discontinued operations, net of tax in the consolidated statements of operations.

Superlatus Inc.

On March 5, 2024, the Company entered in a Stock Purchase Agreement ("SPA") with Superlatus Foods Inc. (the "Buyer"). Pursuant to the SPA, the Company sold all of the issued and outstanding stock (the "Stock") of Superlatus Inc., a Delaware corporation and wholly-owned subsidiary of the Company ("Superlatus"), to the Buyer. The purchase price for the Stock was \$1.00 which was delivered to the Company at the closing, which occurred simultaneously with the execution of the SPA. As a result of the transaction Superlatus is no longer a subsidiary of the Company, and the rights and assets of Superlatus together with various liabilities and obligations that were specific to Superlatus became rights and obligations of Buyer.

The Superlatus Inc. SPA was accounted for a business disposition in accordance with ASC 810-40-40-3A. As of March 5, 2024, the Company no longer consolidated the assets, liabilities, revenues and expenses of Superlatus Inc.. The components of the disposition are as follows:

Fair value of consideration received	\$ 1
Total fair value of consideration received	\$ 1
Carrying amount of assets and liabilities	
Cash	\$ 151,546
Property, plant and equipment, net	223,080
Intangible assets, net	8,962,688
Operating lease right-of-use assets	325,995
Purchase price payable	(350,000)
Accounts payable	(224,137)
Accrued liabilities	(173,436)
Notes payable, current portion	(6,480,000)
Lease liability - current	(105,567)
Lease liability, net of current portion	(221,428)
Notes payable	(25,000)
Total carrying amount of assets and liabilities	2,083,742
Loss on disposition of business	\$ (2,083,742)

The loss of disposition of business of \$2,083,742 was included in income from discontinued operations, net of tax in the consolidated statements of operations.

Discontinued Operations

In accordance with the provisions of ASC 205-20, the Company has excluded the results of discontinued operations from its results of continuing operations in the accompanying consolidated statements of operations for the three months ended March 31, 2024 and 2023. The results of operations from the discontinued operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, have been reflected as discontinued operations in the consolidated statements of operations and 2023 consist of the following:

	SOSRx		APS		CSP		Total	
	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	\$ -	\$ 3,368	\$ -	\$ -	\$ 124,238	\$ 341,140	\$ 124,238	\$ 344,508
Cost of sales	-	-	-	-	127,671	314,945	127,671	314,945
Gross profit	-	3,368	-	-	(3,433)	26,195	(3,433)	29,563
Operating expenses								
Wage and salary expense	-	17,689	-	-	108,772	70,002	108,772	87,691
Professional fees	-	-	-	10,471	18,079	2,094	18,079	12,565
Accounting and legal expense	-	-	1,948	104	700	500	2,648	604
Technology expense	-	23,000	4,177	31,564	2,231	5,445	6,408	60,009
General and administrative	-	29,907	134	3,527	4,257	25,428	4,391	58,862
Total operating expense	-	70,596	6,259	45,666	134,039	103,469	140,298	219,731
Operating loss from discontinued operations	-	(67,228)	(6,259)	(45,666)	(137,472)	(77,274)	(143,731)	(190,168)
Other income (expense)								
Gain (loss) on disposal of assets	-	-	(1,783,209)	1,900	(1,426,567)	-	(3,209,776)	1,900
Total other income (expense)	-	-	(1,783,209)	1,900	(1,426,567)	-	(3,209,776)	1,900
Loss from discontinued operations	\$ -	\$ (67,228)	\$ (1,789,468)	\$ (43,766)	\$ (1,564,039)	\$ (77,274)	\$ (3,353,507)	\$ (188,268)
Loss per common share from discontinued operations								
Basic	\$ -	\$ (0.12)	\$ (2.32)	\$ (0.08)	\$ (2.03)	\$ (0.14)	\$ (4.35)	\$ (0.34)
Diluted	\$ -	\$ (0.12)	\$ (0.76)	\$ (0.08)	\$ (0.66)	\$ (0.14)	\$ (1.42)	\$ (0.34)

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	SOSRx		ASP		CSP		Total	
	Nine months ended September 30,		Nine months ended September 30,		Nine months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	\$ -	\$ 20,424	\$ -	\$ -	\$ 761,306	\$ 905,083	\$ 761,306	\$ 925,507
Cost of sales	-	-	-	-	705,206	1,019,470	705,206	1,019,470
Gross profit	-	20,424	-	-	56,100	(114,387)	56,100	(93,963)
Operating expenses								
Wage and salary expense	-	54,939	-	-	456,297	180,819	456,297	235,758
Professional fees	-	-	3,125	44,962	20,246	5,572	23,371	50,534
Accounting and legal expense	-	-	7,773	104	63,000	500	70,773	604
Technology expense	-	53,910	20,611	83,659	9,464	13,989	30,075	151,558
General and administrative	-	33,873	3,762	10,761	32,830	47,945	36,592	92,579
Total operating expense	-	142,722	35,271	139,486	581,837	248,825	617,108	531,033
Operating loss from discontinued operations	-	(122,298)	(35,271)	(139,486)	(525,737)	(363,212)	(561,008)	(624,996)
Other income (expense)								
Gain (loss) on disposal of assets	(352,244)	-	(1,783,209)	1,900	(1,426,567)	-	(3,562,020)	1,900
Total other income (expense)	(352,244)	-	(1,783,209)	1,900	(1,426,567)	-	(3,562,020)	1,900
Loss from discontinued operations	\$ (352,244)	\$ (122,298)	\$ (1,818,480)	\$ (137,586)	\$ (1,952,304)	\$ (363,212)	\$ (4,123,028)	\$ (623,096)
Loss per common share from discontinued operations								
Basic	\$ (0.50)	\$ (0.22)	\$ (2.57)	\$ (0.25)	\$ (2.76)	\$ (0.66)	\$ (5.82)	\$ (1.14)
Diluted	\$ (0.15)	\$ (0.22)	\$ (0.79)	\$ (0.25)	\$ (0.85)	\$ (0.66)	\$ (1.79)	\$ (1.14)

	TRX		Superlatus		SOSRx		CSP		APS		Total	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenues	\$ 970,808	\$ 1,443,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 311,257	\$ -	\$ -	\$ 970,808	\$ 1,754,434
Cost of sales	-	-	-	-	-	-	-	270,573	-	-	-	270,573
Gross profit	970,808	1,443,177	-	-	-	-	-	40,684	-	-	970,808	1,483,861
Operating expenses:												
Wage and salary expense	551,983	529,327	-	-	-	-	-	173,171	-	-	551,983	702,498
Professional fees	15,385	1,233	-	-	-	-	-	724	-	1,750	15,385	3,707
Technology expense	86,660	180,824	-	-	-	-	-	3,567	-	5,177	86,660	189,568
General and administrative	36,029	113,245	-	-	-	146	-	14,223	-	1,790	36,029	129,404
Total operating expenses	690,057	824,629	-	-	-	146	-	191,685	-	8,717	690,057	1,025,177
Operating income (loss)	280,751	618,548	-	-	-	(146)	-	(151,001)	-	(8,717)	280,751	458,684
Non-operating income (expense):												
Gain (loss) on dispositions	29,685,946	-	(2,083,742)	-	-	-	-	-	-	-	27,602,204	-
Total non-operating income (expense)	29,685,946	-	(2,083,742)	-	-	-	-	-	-	-	27,602,204	-
Net income (loss) on discontinued operations	\$ 29,966,697	\$ 618,548	\$ (2,083,742)	\$ -	\$ -	\$ (146)	\$ -	\$ (151,001)	\$ -	\$ (8,717)	\$ 27,882,955	\$ 458,684

NOTE 4- RELATED PARTY TRANSACTIONS

On April 1, 2023 and July 1, 2023 the Company entered into a relationship with Scietech, LLC (“Scietech”) in an independent contractor agreement to consult on increasing sales on the IPS and Trxade Inc. platforms. The agreement was for an annual fee of \$400,000 to be split equally between IPS and Trxade Inc. A 31% investor in Scietech is the spouse of the interim CFO, Prashant Patel, which qualifies as a related party. The company was chosen because they were the most qualified to perform the desired qualifications.

On February 15, 2022 November 21, 2023, but effective September 14, 2023, the Company entered into issued a relationship with Exchange promissory note to Danam Health, a technology company providing an online platform for manufacturers and suppliers to sell and purchase pharmaceuticals. In connection therewith, SOSRx was formed in February 2022, which is owned 51% by the Company and 49% by Exchange Health. On February 15, 2022, the Company contributed cash to SOSRx Inc. (the “Danam Note”) in the amount of \$325,000 300,000. Danam Health, Inc. prepaid \$250,000 prior to the execution date. The Danam Note did not accrue interest. As of December 31, 2023, issued the balance of the Danam Note was \$50,000. The Danam Note was fully paid off in February 2024.

On February 29, 2024, the Company’s wholly owned subsidiary Trxade, Inc. entered into a promissory note Subscription Agreement (the “Subscription Agreement”) with Lafayette Energy Corp., a Delaware corporation (“Lafayette”). Pursuant to SOSRx the Subscription Agreement, Trxade, Inc. will, in the amount of \$500,000, which was immediately assigned to Exchange Health (the “Promissory Note”), and agreed to make an earn out payment two equal tranches, invest a total of up to \$400,000 5.0 million in Lafayette in exchange for up to 2,000,000 shares of Lafayette’s newly created Series A Convertible Preferred Stock, with the second tranche becoming payable only upon Trxade, Inc.’s receipt of notice that Lafayette has successfully drilled its first oil and gas well and produced at the Company’s discretion, in cash or common stock least one hundred (100) barrels of the Company, based on SOSRx achieving certain revenue targets of SOSRx (the “Earn Out Payments”); and entered into a Distribution Services Agreement with SOSRx (the “Distribution Agreement”). Exchange Health contributed \$792,000 in software and contracts which was recorded as an intangible asset on the balance sheet of SOSRx. The intangible asset was determined to be impaired and was written off on December 31, 2022. oil.

At **September 30, 2023** **March 31, 2024**, total related party debt was \$0.

On and effective on, February 1, 2023, the Company, Exchange Health and SOSRx, entered into a Voluntary Withdrawal and Release Agreement, which was replaced in its entirety and corrected on February 4, 2023 and effective February 4, 2023 (as replaced and corrected, the "Release Agreement"). Pursuant to the Release Agreement, the Company voluntarily withdrew as a member of SOSRx pursuant to the terms of the Operating Agreement of SOSRx, which provided that the Company would withdraw from SOSRx if certain revenue targets were not met, which targets have not been met.

Also pursuant to the Withdrawal Agreement, (a) the Company agreed to the termination of its interests in SOSRx and its withdrawal as a member thereof for no consideration (the "Withdrawal"); (b) the Promissory Note, and all of the Company's obligations under such Promissory Note were terminated; and (c) the parties agreed that no Earn Out Payments will be due. The Release Agreement also (i) provides that all accumulated losses of SOSRx through December 20, 2022, will be allocated 51% to the Company and 49% to Exchange Health; (ii) provides for a total of approximately \$15,000 in outstanding invoices owed by the Company to SOSRx to be waived; (iii) includes certain indemnification obligations of SOSRx and Exchange Health; (iv) requires SOSRx to pay certain pre-agreed outstanding invoices of SOSRx; (v) includes mutual releases of the Company and SOSRx and Exchange Health; and (vi) includes customary representations and warranties of the parties.

NOTE 5 – REVENUE RECOGNITION

The Company derives revenue from two primary sources—product revenue and service revenue.

Product revenue consists of shipments of:

- Resale of pharmaceutical products to pharmacies; and
- **Revenues for our products are recognized and invoiced when the product is shipped to the customer.**

Revenues for our products are recognized and invoiced when the product is shipped to the customer.

Service revenue consists primarily of:

- Transaction fees from the facilitation of buyer generated purchase orders to suppliers, billed monthly;
- Data service fees associated with providing vendors of pharmaceutical products with data analysis of their catalogues and branding of their products or company to the Company's registered buyers, billed monthly or as a one-time fee; and
- Software-as-a-Service ("SaaS") fees for a platform for virtual healthcare provider visits, billed monthly.

Revenues for the Company's services that are billed monthly are recognized and invoiced **when the** at the beginning of the month. Revenues for one-time services are recognized at the point in time when services are rendered.

Payment terms for products and services are generally 0 to 60 days and the Company has no contract assets or liabilities.

The following table presents disaggregated revenue by major product and service categories during the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022**: **2023**:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Product revenues				
Pharmaceutical product resale income	\$ 394,849	\$ 707,807	\$ 1,237,731	\$ 3,949,771
Total product revenues	\$ 394,849	\$ 707,807	\$ 1,237,731	\$ 3,949,771
Service revenues				
Transaction fee income	\$ 1,617,129	\$ 1,319,483	\$ 4,531,731	\$ 3,947,621
Data service fee income	46,050	17,950	132,025	54,050
SaaS fee income	-	10,563	18,299	42,363
Total service revenues	\$ 1,663,179	\$ 1,347,996	\$ 4,682,055	\$ 4,044,034
Total revenues	\$ 2,058,028	\$ 2,055,803	\$ 5,919,786	\$ 7,993,805

	Three Months Ended	
	2024	2023
Product revenues		
Pharmaceutical product resale	\$ -	\$ 476,356
Packaged food resale	-	-
Total product revenue	\$ -	\$ 476,356
Service revenue		
Transaction fee income	-	-
Data service fee income	-	-
SaaS fee income	-	16,960
Total service revenue	\$ -	\$ 16,960
Total revenue	\$ -	\$ 493,316

NOTE 6 – INVENTORY

Inventory value is determined using the weighted average cost method and is stated at the lower of cost or net realizable value. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, inventory was comprised of the following:

As of	September 30, 2023		December 31, 2022	
			March 31, 2024	December 31, 2023
Raw materials	\$ 1,895,406	\$ 68,448	\$ -	\$ -

Finished goods

	<u>1,131,512</u>	<u>-</u>	<u>5,372</u>	<u>968</u>
	\$ 3,026,918	\$ 68,448	\$ 5,372	\$ 968

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NOTE 7 – NOTES RECEIVABLE

On August 22, 2023, issued the Company received a Promissory Note Agreement (the “Wood Sage Note”) in the amount of \$1,300,000 to Wood Sage, LLC and entered into the APS MIPA and CSP MIPA for the Company to sell APS and CSP and entered into a Master Service Agreement (“Wood Sage MSA”). The Wood Sage Note bears no interest and is due and payable within thirty days of a change in control, as defined by the Wood Sage Note, of the borrower. As of September 30, 2023 both March 31, 2024 and December 31, 2023, the outstanding balance of the Wood Sage Note was \$1,275,000, 1,300,000, and \$1,300,000, respectively.

NOTE 8 – INTANGIBLE ASSETS

As of ~~September 30, 2023~~ March 31, 2024 and ~~December 31, 2023~~, intangible assets, net consisted of the following:

	March 31, 2024	December 31, 2023
Developed technology	\$ -	\$ 9,777,478
Total Costs	-	9,777,478
Accumulated amortization	-	(814,790)
Net	\$ -	\$ 8,962,688
Weighted average useful life (years) - 5		
	Weighted Average Useful Life (years)	Cost
Developed technology	5.0	\$ 9,777,478
		Accumulated Amortization
		\$ (325,916)
		Net
		\$ 9,451,562

The intangible assets were sold to Superlatus Foods Inc. on March 5, 2024 per a Stock Purchase Agreement (see Note 3).

NOTE 9 – OTHER CURRENT LIABILITIES

As of ~~September 30, 2023~~ March 31, 2024 and ~~December 31, 2022~~ December 31, 2023, other current liabilities consisted of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Purchase price payable	\$ 350,000	\$ -		
Insurance refunds payable	62,390	62,390	\$ -	\$ 62,390
Deferred revenue	-	5,127		
Other payables			5,441	5,441
	\$ 412,390	\$ 67,517	\$ 5,441	\$ 67,831

NOTE 10 – CONTINGENT FUNDING LIABILITIES

On ~~June 27, 2023~~ December 13, 2023, the Company entered into a non-recourse funding agreement with a third-party for the purchase and sale of future receivables (the “Receivables Agreement”). Pursuant to the Receivables Agreement, the ~~third-party~~ third party agreed to fund the Company ~~\$1,250,000~~ 150,000 to purchase ~~\$1,800,000~~ 214,500 of future receivables. Under the funding agreement, the third-party receives a priority interest in the receivables of Trxade Inc. The Company also paid ~~\$62,500~~ 7,500 as a one-time origination fee in connection with the Receivables Agreement. The Receivables Agreement also allows for the third-party funder to file UCCs securing their interest. This agreement was fully paid off in the receivables and includes customary events of default. As of September 30, 2023, the Company owed \$452,348 under this agreement. February 2024.

On ~~March 14, 2023~~ November 22, 2023, the Company entered into a non-recourse funding agreement with a third-party for the purchase and sale of future receivables (the “Receivables Agreement”). Pursuant to the Receivables Agreement, the ~~third-party~~ third party agreed to fund the Company ~~\$875,000~~ 275,000 to purchase ~~\$1,224,000~~ 393,250 of future receivables. Under the funding agreement, the third-party receives a priority interest in the receivables of Trxade Inc. The Company also paid ~~\$42,500~~ 13,750 as a one-time origination fee in connection with the Receivables Agreement. The Receivables Agreement also allows for the third-party funder to file UCCs securing their interest. This agreement was fully paid off in the receivables and includes customary events of default. February 2024.

On ~~September 14, 2022~~ October 25, 2023, the Company entered into a non-recourse funding agreement with a third-party for the purchase and sale of future receivables (the “Receivables Agreement”). Pursuant to the Receivables Agreement, the ~~third-party~~ third party agreed to fund the Company ~~\$275,000~~ 1,200,000 to purchase ~~\$396,000~~ 1,728,000 of future receivables. Under the funding agreement, the third-party receives a priority interest in the receivables of Trxade Inc. The Company also paid ~~\$15,000~~ 60,000 as a one-time origination fee in connection with the Receivables Agreement. The Receivables Agreement also allows for the third-party funder to file UCCs securing their interest in the receivables and includes customary events of default. This agreement was fully paid off in January 2023. February 2024.

On June 27, 2022, the Company entered into a non-recourse funding agreement with a third-party funder for the purchase and sale of future receivables. Pursuant to the Receivables Agreement, the third-party agreed to fund the Company \$550,000 to purchase \$792,000 of future receivables. Under the funding agreement, the third-party receives a priority interest in the receivables of Trxade Inc. The Company also paid \$27,500 as a one-time origination fee in connection with the Receivables Agreement. The Receivables Agreement also allows for the third-party funder to file UCCs securing their interest in the receivables and includes customary events of default. This agreement was fully paid off in January 2023.

The Company's relationship with the funding source meets the criteria in ASC 470-10-25 – Sales of Future Revenues or Various Other Measures of Income ("ASC 470"), which relates to cash received from a funding source in exchange for a specified percentage or amount of revenue or other measure of income of a particular product line, business segment, trademark, patent or contractual right for a defined period. Under this guidance, the Company recognized the fair value of its contingent obligation to the funding source, as of the acquisition date, as a current liability in its consolidated balance sheet.

Under ASC 470, amounts recorded as debt are to be amortized under the interest method. The Company made an accounting policy election to utilize the prospective method when there is a change in the estimated future cash flows, whereby a new effective interest rate is determined based on the revised estimate of remaining cash flows. The new rate is the discount rate that equates the present value of the revised estimate of remaining cash flows with the carrying amount of the debt, and it will be used to recognize interest expense for the remaining period. Under this method, the effective interest rate is not constant, and any change in expected cash flows is recognized prospectively as an adjustment to the effective yield. As of **September 30, 2023**, **March 31, 2024**, and **December 31, 2022**, **December 31, 2023**, the total contingent funding liability was **\$452,348,000** and **\$108,036,124,346**, respectively, and the effective interest rate was approximately **31.0%** and **31%**, respectively. This rate represents the discount rate that equates the estimated future cash flows with the fair value of the debt and is used to compute the amount of interest to be recognized each period. Any future payments made to the funding source will decrease the contingent funding liability balance accordingly.

NOTE 11 – NOTES PAYABLE

On November 17, 2023, the Company issued promissory notes to Moku Foods, Inc. (the “Moku Foods November 2023 Note”) in the amount of \$50,000. The promissory note accrues interest at 11.5% per annum, compounded monthly and is payable upon demand at any time after November 30, 2023. As of December 31, 2023, the balance of the Moku Foods November 2023 Note was \$50,000. The Company has accrued interest of \$945 as of December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On October 16, 2023, the Company issued promissory notes to Moku Foods, Inc. (the “Moku Foods October 2023 Note”) in the amount of \$150,000. The promissory note accrues interest at 11.5% per annum, compounded monthly and is payable upon demand at any time after October 31, 2023. As of December 31, 2023, the balance of the Moku Foods October 2023 Note was \$150,000. The Company has accrued interest of \$4,300 as of December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On September 27, 2023, the Company issued a promissory note notes to Perfect Day, Inc. (the “Perfect Day Note”) in the amount of \$3,150,000 4,400,000 as consideration for the TUC APA (see Note 3). The promissory note does not accrue interest and is payable upon demand at any time after October 31, 2023. The entire aggregate, unpaid principal sum of the note is immediately due and payable upon the occurrence of a change in control, as defined in the agreement. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On November 21, 2023, but effective September 14, 2023, the Company issued a promissory note to Danam Health, Inc. (the “Danam Note”) in the amount of \$300,000. The Company received a deposit of Danam Health, Inc. prepaid \$200,000 250,000 on September 14, 2023 and an additional deposit of \$100,000 on October 13, 2023, prior to the execution date. The Danam Note accrues interest at 0% per annum and is due and payable no later than 30 days after a change in control of borrower, as defined in the note agreement, did not accrue interest. As of September 30, 2023 December 31, 2023, the balance of the Danam Note is was \$200,000 50,000. The Company repaid \$250,000 on the loan Danam Note was fully paid off in October 2023. As of the date of this filing, the balance on the loan is \$50,000. February 2024.

On June 16, 2023, the Company issued a secured debenture to Eat Well Investment Group, Inc. (the “Eat Well June 2023 Note”) in the amount of \$1,150,000 for the purchase of Sapientia, a wholly-owned subsidiary of Superlatus. The Eat Well June 2023 Note is secured by 100% of the membership interests in Sapientia. The Eat Well June 2023 Note began accruing interest at 12% per annum, compounded monthly, as of October 31, 2023. The Eat Well June 2023 Note matured on December 31, 2023. As of September 30, 2023 December 31, 2023, the balance of the Eat Well June 2023 Note is was \$1,150,000. As The Company has accrued interest of \$23,063 as of December 31, 2023. On March 5, 2024, the date Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of this filing, the parties are working on an amendment for an extension, its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On February 8, 2023, Sapientia, a wholly-owned subsidiary of Superlatus, entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well February 2023 Note”) in the amount of \$25,000. The Eat Well February 2023 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matures February 7, 2025. As of September 30, 2023 December 31, 2023, the balance of the Eat Well February 2023 Note is was \$25,000. The Company has accrued interest of \$350 418 as of September 30, 2023 December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On September 14, 2022, Sapientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well September 2022 Note”) in the amount of \$50,000. The Eat Well September 2022 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matures September 13, 2024. As of September 30, 2023 December 31, 2023, the balance of the Eat Well September 2022 Note is was \$50,000. The Company has accrued interest of \$1,140 1,212 as of September 30, 2023 December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On July 26, 2022, Sapientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well July 26, 2022 Note”) in the amount of \$35,000. The Eat Well July 26, 2022 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matures July 25, 2024. As of September 30, 2023 December 31, 2023, the balance of the Eat Well July 26, 2022 Note is was \$35,000. The Company has accrued interest of \$798 938 as of September 30, 2023 December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On July 12, 2022, Sapientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well July 12, 2022 Note”) in the amount of \$25,000. The Eat Well July 12, 2022 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matures July 11, 2024. As of September 30, 2023 December 31, 2023, the balance of the Eat Well July 12, 2022 Note is was \$25,000. The Company has accrued interest of \$585 688 as of September 30, 2023 December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On March 15, 2022, Sapientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well March 2022 Note”) in the amount of \$100,000. The Eat Well March 2022 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matures March 14, 2024. As of September 30, 2023 December 31, 2023, the balance of the Eat Well March 2022 Note is was \$100,000. The Company has accrued interest of \$2,966 3,361 as of September 30, 2023 December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On February 1, 2022, Sapiientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well February 2022 Note”) in the amount of \$100,000. The Eat Well February 2022 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matures February 1, 2024. As of September 30, 2023 December 31, 2023, the balance of the Eat Well February 2022 Note is \$100,000. The Company has accrued interest of \$3,110,3576 as of September 30, 2023 December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On January 20, 2022, Sapiientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well January 2022 Note”) in the amount of \$20,000. The Eat Well January 2022 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matures January 20, 2024. As of September 30, 2023 December 31, 2023, the balance of the Eat Well January 2022 Note is \$20,000. The Company has accrued interest of \$653,728 as of September 30, 2023 December 31, 2023. On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of its equity shares of Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On December 24, 2021, Sapiientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well December 2021 Note”) in the amount of \$100,000. The Eat Well December 2021 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matured December 24, 2023. As of September 30, 2023 December 31, 2023, the balance of the Eat Well December 2021 Note is \$100,000. The Company has accrued interest of \$3,427,3776 as of September 30, 2023 December 31, 2023. As On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of the date its equity shares of this filing, the parties are working on an amendment for an extension. Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On November 10, 2021, Sapiientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well November 2021 Note”) in the amount of \$50,000. The Eat Well November 2021 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matured November 10, 2023. As of September 30, 2023 December 31, 2023, the balance of the Eat Well November 2021 Note is \$50,000. The Company has accrued interest of \$1,790,2001 as of September 30, 2023 December 31, 2023. As On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of the date its equity shares of this filing, the parties are working on an amendment for an extension. Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

On August 18, 2021, Sapiientia entered into a Loan Agreement with Eat Well Investment Group, Inc. (the “Eat Well August 2021 Note”) in the amount of \$250,000. The Eat Well August 2021 Note is unsecured, accrues interest at a rate of 1.87% per annum, and matured August 18, 2023. As of September 30, 2023, December 31, 2023, the balance of the Eat Well August 2021 Note is \$250,000. The Company has accrued interest of \$9,900,11,079 as of September 30, 2023 December 31, 2023. As On March 5, 2024, the Company entered into Stock Purchase Agreement with Superlatus Foods, Inc. whereby the Company sold all of the date its equity shares of this filing, the parties are working on an amendment for an extension. Superlatus Inc. to Superlatus Foods, Inc. thereby transferring all assets and liabilities.

The following table summarizes notes payable balances as of September 30, 2023:

	Current Portion	Noncurrent Portion	Total	Accrued Interest
Perfect Day Note	\$ 3,150,000	\$ -	\$ 3,150,000	\$ -
Danam Note	200,000	-	200,000	-
Eat Well June 2023 Note	1,150,000	-	1,150,000	-
Eat Well February 2023 Note	-	25,000	25,000	350
Eat Well September 2022 Note	50,000	-	50,000	1,104
Eat Well July 26, 2022 Note	35,000	-	35,000	798
Eat Well July 12, 2022 Note	25,000	-	25,000	585
Eat Well March 2022 Note	100,000	-	100,000	2,966
Eat Well February 2022 Note	100,000	-	100,000	3,110
Eat Well January 2022 Note	20,000	-	20,000	653
Eat Well December 2021 Note	100,000	-	100,000	3,427
Eat Well November 2021 Note	50,000	-	50,000	1,790
Eat Well August 2021 Note	250,000	-	250,000	9,900
	\$ 5,230,000	\$ 25,000	\$ 5,255,000	\$ 24,683

2018

NOTE 12 – STOCKHOLDERS' EQUITY

Designation of Series C Preferred Stock

Effective October 4, 2023, the Company filed a Certificate of Designation, Preferences, Rights and Limitations of the Series C Preferred Stock with the Secretary of the State of Delaware which designated 1,000 shares of the Company's authorized and unissued preferred stock as convertible Series C Preferred Stock at a par value of \$0.00001 per share.

Hudson Global Ventures Stock Purchase Agreement

On October 4, 2023, the Company entered into a Securities Purchase Agreement ("Agreement", or "SPA") with Hudson Global Ventures, LLC ("Hudson"). Under the terms of the Agreement, the Company agreed to sell, and Hudson agreed to purchase, Two Hundred Ninety (290) shares of Series C Preferred Stock (the "Purchased Shares") at a price of \$1,000 per share and a Warrant to purchase up to 41,193 shares of Common Stock. Additionally, pursuant to the Agreement, 40,000 shares of Common Stock were issued to Hudson upon closing for a commitment fee. The Company received \$250,000 in exchange for the Purchased Shares, Common Stock, and Warrants, net of issuance costs.

Designation of Series B Preferred Stock

Effective June 26, 2023, the Company's Board of Directors issued Company filed a Certificate of Designation, Preferences, Rights and Limitations of the Series B Preferred Stock with the Secretary of the State of Delaware which designated 787,754 shares of the Company's authorized and unissued preferred stock as convertible Series B Preferred Stock at a par value of \$0.00001 per share.

2023 1:15 Stock Split

Effective June 21, 2023, the Company executed a 1:15 reverse stock split for stockholders of record on that date. This was executed to comply with the Nasdaq Listing Rule 5550(a)(2) to have the price of the stock above \$1.

Common Stock

During the three months ended March 31, 2024, the Company issued 470,482 shares of common stock for services. The fair value of shares issued for services was \$4,450,919 and was included in general and administrative expenses in the consolidated statements of operations.

During the three months ended March 31, 2024, a warrants holder exercised 28,487 shares of common stock for \$16,567 in proceeds (see Note 14).

During the three months ended March 31, 2024, an options holder exercised 2,371 shares of common stock for \$9,840 in proceeds (see Note 15).

Special Cash Dividend

On March 6, 2024, the Company announced the declaration of a special cash dividend of eight dollars (\$8.00) per share of common stock, payable to stockholders of record as of March 18, 2024, with the dividend being paid on March 22, 2024. The special dividend of \$12,671,072 was paid using a portion of the proceeds from the closing of the sale of the Company's Trxade assets.

2022 Equity Compensation Awards

Effective September 1, 2022, Each independent member of the Board is to receive an annual grant of Directors and Compensation Committee restricted common stock of the Company with the approval equal to \$55,000 in value, on April 1st of each of year (or such date thereafter as the following officers, agreed to reduce awards are approved by the annual cash compensation payable to Suren Ajjarapu, the Company's Chief Executive Officer; Prashant Patel, the Company's President Board), and Chief Operating Officer and Janet Huffman, the Company's former Chief Financial Officer, in an effort to conserve cash.

In lieu of the reduced cash salary payable to each officer, the Board and Compensation Committee agreed to issue valued on such officers shares of the Company's common stock equal to the amount of reduced cash salary, divided by same date, based on the closing sales price of on such date (or the Company's common first business day thereafter), which restricted stock on the NASDAQ Capital Market on August 31, 2022, the date approved by the Board of Directors. The total amount of shares of common stock issued on August 31, 2022 to the officers was 5,460.

The shares of common stock issuable to the officers vested awards will vest at the rate of 1/4th of such shares on each of September 30, 2022, October 31, 2022, November 30, 2022, and December 31, 2022, awards over the following four calendar quarters, subject to each applicable Officer's such directors continued service to the Company on such dates and subject to the restricted stock award agreements entered into as evidence of such awards.

Separately, certain employees of the Company agreed to reduce their cash salaries by an aggregate of \$37,000 in consideration for an aggregate of 2,126 shares of the Company's restricted common stock, with the same vesting terms as the officer shares discussed above. Company.

Effective on August 31, 2022, the Board of Directors approved the issuance of 3,635 shares of common stock of the Company to each independent member of the Board of Directors, for services rendered to the Company during fiscal 2022, which shares were valued at \$63,250, based on the closing sales price of the Company's common stock on the date approved by the Board of Directors. The shares vested at the rate of 1/4th of such shares immediately on the grant date, and 1/4th of such shares on each of October 1, 2022, January 1, 2023, and April 1, 2023, subject to each applicable independent director's continued service to the Company on such dates.

Effective on August 13, 2023, the Board approved the issuance of 24,444 shares of common stock of the Company to each of Mr. Fell and Mr. Peterson for services rendered to the Company during fiscal 2023, which shares were valued at \$110,000. The Board also approved the issuance of 14,056 shares of common stock of the Company to Jeff Newell for services rendered during fiscal 2023, which were valued at \$63,250 based on the most recent close price of the Company's common stock on the date approved by the Board. The shares vest at the rate of 1/4th of such shares immediately on the grant date, and 1/4th of such shares on each of October 1, 2023, January 1, 2024 and April 1, 2024, subject to each applicable independent director's continued service to the Company on such dates. Additionally, the Board approved 10,000 shares with immediate vesting to each Board member to recognize the significant additional work for various financing, sales, acquisitions, operations restructuring.

All of the awards discussed above were issued under the Company's Second Amended and Restated 2019 Equity Incentive Plan (the "Plan") and all restricted stock awards discussed above were evidenced by Restricted Stock Grant Agreements.

NOTE 13 – PREFUNDED AND PRIVATE PLACEMENT WARRANTS

On October 4, 2022 the Company entered into a securities purchase agreement (the “Purchase Agreement”) with a certain institutional investor (the “Purchaser”) which provided for the sale and issuance by the Company of (i) the Company’s common stock (the “Common Stock”), (ii) pre-funded warrants (the “Pre-Funded Warrants”) to purchase up to 601,740 shares of Common Stock and (iii) warrants (the “Private Placement Warrants”) and, together with the Shares and the Pre-Funded Warrants, the “Securities”), to purchase up to 2,662,045 shares of Common Stock. The Private Placement Warrants were sold in a concurrent private placement (the “Private Placement”), exempt from registration pursuant to Section 4(a)(2) and/or Rule 506 of the Securities Act of 1933, as amended (the “Securities Act”).

Simultaneously with the closing of the stock placement, the investor pre-purchased

40,116 Private Warrants at a purchase price of \$17.25 per warrant. The Pre-Funded Warrants are immediately exercisable into one share of common stock per warrant, have an exercise price of \$0.00015 per share, and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full. On January 4, 2023, the investor exercised the 40,116 warrants Pre-Funded Warrants for a purchase price of \$6.02. The investor was issued the shares on this date. Each Private Placement Warrant has an exercise price of \$22.50 per share will be and is exercisable following the Stockholder Approval which was obtained in December 2022, and will expire on the fifth anniversary of the date on which the Private Placement Warrants become exercisable. The Private Placement Warrants contain standard adjustments to the exercise price including for stock splits, stock dividend, rights offerings and pro rata distributions, and include full ratchet anti-dilutive rights in the event the Company issues shares of Common Stock or Common Stock equivalents within fifteen months of the initial exercise date, with a value less than the then exercise price of such Private Placement Warrants, subject to certain customary exceptions, and further subject to a minimum exercise price of \$3.48 per share. The Private Placement Warrants also include certain rights upon ‘fundamental transactions’ as described in the Private Placement Warrants, including allowing the holders thereof to require that the Company re-purchase such Private Placement Warrants at the Black Scholes Value of such securities.

NOTE 14 – WARRANTS

For During the nine-month period three months ended September 30, 2023 March 31, 2024, no 28,487 warrants were granted, and none expired. For the nine-month period ended September 30, 2023, 40,116 prefunded warrants and 1,795 granted warrants to purchase shares of common stock were exercised for a total purchase price of \$1,622,16,567. See (see Note 13- Prefunded and Private Placement Warrants for further description. 12).

The Company uses the Black-Scholes pricing model to estimate the fair value of stock-based awards on the date of the grant.

There was no compensation cost related to the warrants for the nine three months ended September 30, 2023 March 31, 2024, and 2022, 2023, respectively.

As of March 31, 2024, the Company remeasured the fair value of warrants outstanding at \$1,466,842. In connection with remeasurement of warrants, a \$729,899 expense was recognized as the change in fair value of warrant liability.

The Company’s outstanding and exercisable warrants As of September 30, 2023 March 31, 2024, are presented below:

	Number Outstanding	Weighted Average Exercise Price	Contractual Life In Years	Intrinsic Value	Number Outstanding	Weighted Average Exercise Price	Contractual Life In Years	Intrinsic Value
Warrants outstanding as of December 31, 2022	179,331	22.50	4.72	6,731				
Warrants outstanding as of December 31, 2023					218,729	19.62	3.95	-
Warrants granted		-	-	-	-	-	-	-
Warrants forfeited, expired, cancelled		-	-	-	-	-	-	-
Warrants exercised	(1,795)	22.50	-	-	(28,487)	7.14	-	-
Warrants outstanding as of September 30, 2023	177,536	22.50	4.02	0				
Warrants exercisable as of September 30, 2023	177,536	22.50	4.02	-				
Warrants outstanding as of March 31, 2024					190,242	21.48	3.58	\$ 130,109
Warrants exercisable as of March 31, 2024					190,242	21.48	3.58	\$ 130,109

NOTE 15 – OPTIONS

The Company maintains stock option plans under which certain employees are awarded option grants based on a combination of performance and tenure. The stock option plans provide for the grant of up to 155,556 shares, and the Company’s Second Amended and Restated 2019 Equity Incentive Plan provides for automatic increases in the number of shares available under such plan (currently 133,333 shares) on April 1st of each calendar year, beginning in 2021 and ending in 2029 (each a “Date of Determination”), in each case subject to the approval and determination of the administrator of the plan (the Board of Directors or Compensation Committee) on or prior to the applicable Date of Determination, equal to the lesser of (A) ten percent (10%) of the total shares of common stock of the Company outstanding on the last day of the immediately preceding fiscal year and (B) such smaller number of shares as determined by the administrator. The administrator as a result of the annual meeting shareholder vote increased the number of shares available to grant to employees under the 2019 incentive plan by 2 million. 2 million. The administrator did not approve an increase in the number of shares covered under the plan as of April 1, 2022.

For the nine-month three-month period ended September 30, 2023 March 31, 2024, 603no options to purchase shares were granted, 140 options to purchase shares were forfeited and 2,319 options expired. granted. For the nine-month three-month period ended September 30, 2023 March 31, 2024, no 2,371 options to purchase shares of common stock were exercised. exercised for \$9,840 in cash (see Note 12).

Total compensation cost related to stock options granted was \$25,978 24,266 and \$67,439 14,434 for the nine-months three-months ended September 30, 2023 March 31, 2024, and 2022, 2023, respectively.

The following table represents stock option activity for the nine-month three-month period ended September 30, 2023 March 31, 2024:

	Number Outstanding	Weighted-Average Exercise Price	Weighted-Average Contractual Life in Years	Intrinsic Value
Options outstanding as of December 31, 2022	19,708	\$ 66.00	3.92	\$ -
Options exercisable as of December 31, 2022	17,167	66.30	3.89	-
Options granted	603	6.08	4.51	59,976
Options forfeited	(140)	82.33	2.00	-
Options expired	(2,319)	89.88	0.08	-
Options exercised	-	-	-	-
Options outstanding As of September 30, 2023	17,852	66.10	3.95	112,073
Options exercisable As of September 30, 2023	17,252	62.43	2.99	52,097

	Number Outstanding	Weighted-Average Exercise Price	Weighted-Average Contractual Life in Years	Intrinsic Value
Options outstanding as of December 31, 2023	26,229	\$ 43.04	3.70	\$ -
Options exercisable as of December 31, 2023	16,141	60.75	3.64	-
Options granted	-	-	-	-
Options adjusted	72	-	-	-
Options expired	-	-	-	-
Options exercised	(2,371)	53.29	3.57	-
Options outstanding as of March 31, 2024	23,930	40.78	3.43	37,706
Options exercisable as of March 31, 2024	14,879	64.12	2.42	-

NOTE 16 – CONTINGENCIES

Studebaker Defense Group, LLC

In July 2020, the Company’s wholly-owned subsidiary, IPS, entered into an agreement with Studebaker Defense Group, LLC (“Studebaker”) wherein IPS would pay Studebaker a down payment of \$550,000 and Studebaker would deliver 180,000 boxes of nitrile gloves by August 14, 2020. IPS wired the \$550,000 to Studebaker, but to date, Studebaker has not delivered the gloves or provided a refund of the deposit. In December 2020, we the Company filed a complaint against Studebaker in Florida state court, Case No. 20-CA-010118 in the Circuit Court for the Thirteenth Judicial Circuit in Hillsborough County, for among other things, breach of contract. Studebaker did not answer the complaint, nor did counsel for Studebaker file an appearance. Accordingly, in February 2021, the Company filed for a default judgment; however, on March 22, 2021, counsel for Studebaker filed an appearance and shortly thereafter filed a motion totion to vacate the default judgment and dismiss the complaint on jurisdictional grounds. The court granted Studebaker’s motion to set aside the default judgment but denied the motion to dismiss. The Company has filed several pretrial motions; the next step in the litigation after the pre-trial motions are resolved will be a motion for summary judgment. The Company believes it will prevail on the merits but cannot determine the timing of the judgment or the amount ultimately collected. At June 30, 2021, the \$500,000 was recorded as Loss on Inventory Investment. The Company won this case but has not collected any settlement yet, another lawsuit has been was filed to collect.

On April 13, 2023, a settlement was reached in the Studebaker Defense Group LLC, and IPS legal case. The court found in favor of IPS and ordered Studebaker Defense Group, LLC, to pay \$550,000 to IPS. The payments were to commence on May 1, 2023 and continue monthly in 17 installments until the full amount is paid in full but as of the filing date, no payment has been received by IPS.

Sandwave Group Dsn Bhd and Crecom Burj Group SDN BHD

In August 2020, IPS entered into an agreement with Sandwave Group Dsn Bhd (“Sandwave”), wherein IPS would pay Sandwave a down payment of \$581,250 and Sandwave’s supplier, Crecom Burj Group SDN BHD (“Crecom”), would deliver 150,000 boxes of nitrile gloves within 45 days. IPS wired the \$581,250 to Sandwave, which in turn wired the purchase price to Crecom, which Crecom accepted; however, to date, Crecom has not delivered the nitrile gloves. IPS demanded return of its \$581,250 and Crecom acknowledged that IPS was entitled to a refund. As of February 2021, Crecom had not returned any funds and IPS filed a complaint against Crecom in Malaysia: Case No. WA-22NCC-55-02/2021 in the High Court of Malaysia at Kuala Lumpur in the Federal Territory, Malaysia for the Malaysian equivalent of breach of contract. On September 1, 2022 counsel for Crecom informed the court that Crecom had been wound up on August 23, 2022; under Section 471 of the Malaysian Companies Act 2016, the suit filed by IPS was stayed until leave of the court is obtained to proceed. Given this new information regarding Crecom the Company has decided at this time to stop its pursuit of this lawsuit until or unless additional information is obtained by counsel for IPS. At June 30, 2021, the \$581,250 was recorded as Loss on Inventory Investment.

GSG PPE, LLC

On November 19, 2021, IPS filed a complaint against GSG PPE, LLC (“GSG”) and Gary Waxman (“Waxman”), the owner, alleging three counts of breach of contract for a purchase agreement, a promissory note, and a personal guaranty. Collectively, the company alleges that GSG and Waxman have materially breached all three contracts. In late 2020, GSG and IPS executed a valid initial contract setting the terms of a business transaction. GSG failed to pay IPS approximately 75% of the amount owed to IPS. GSG acknowledged it owed the money and executed a promissory note in favor of IPS in the amount of \$630,000 which matured on September 30, 2021. The note provides for attorney fees and interest in addition to the \$630,000. Waxman’s personal guaranty confirmed that GSG owed IPS \$630,000. On September 30, 2021, the \$630,000 was recorded as Bad Debt Expense. A settlement was entered into between the parties in June 2022, whereby GSG and Waxman agreed to pay \$743,000 which included attorney fees and interest, which is required to be paid to the Company in monthly installments over 17 months. The Company received additional monthly installment payments as part of the agreement through January 2023. As of September 30, 2023 March 31, 2024, and through the date of this filing, the Company has not received the monthly installment payments due to the Company from GSG since January of 2023.

NOTE 17 – SEGMENT REPORTING LEASES

The Company has one operating lease for corporate office as of March 31, 2024. The following table outlines the details of the leases:

	Lease 1		Lease 2		Lease 3	
	January 2021 to December 2021		October 2018 to November 2023		October 2023 to September 2026	
	January 2022 to December 2026		November 2023 to October 2028			
Initial lease term						
New initial lease term						
Initial recognition of right of use assets at January 1, 2019	\$	534,140	\$	313,301	\$	-
New initial recognition of right of use assets at December 31, 2021	\$	977,220	\$	-	\$	-
New initial recognition of right of use assets at December 31, 2023	\$	-	\$	-	\$	351,581
Incremental borrowing rate		10%		10%		10%

The Company entered into a new corporate office lease (Lease 1) in January 2022. At inception, the Company determined that the new lease required remeasurement of the lease liability resulting in the increase of the right-of-use asset and the associated lease liability by \$977,220. The Company and the Lessor agreed to terminate the lease and vacate the premises in November 2023. The termination resulted in the surrender of the Company’s security deposit of \$38,500. The related right-of-use assets of \$642,887 and lease liabilities of \$664,992 were removed from the balance sheet as of December 31, 2023.

The Company entered into a lease agreement (Lease 2) for the period of October 2018 to November 2023. At inception, management had included the renewal period from November 2023 to November 2028 within the initial recognition of the related right of use assets and lease liabilities, as it was reasonably expected, at the time, that the renewal option would be exercised. The Company determined that the new lease required measurement and recognition of the lease liability and right-of-use assets of \$313,301. The lease is classified as an operating lease. No incentives were included in the lease.

The Company entered into a new warehouse lease (Lease 3) October 2023. The Company determined that the new lease required measurement and recognition of the lease liability and right-of-use assets of \$351,581. The lease is classified as an operating lease. No incentives were included in the lease.

In the first quarter of 2024, the Company sold assets and liabilities of Trxade, Inc. and Superlatus, Inc. including the related right of use assets and liabilities. The Company has only Lease 2 active and continuing in the condensed consolidated balance sheet as of March 31, 2024.

The table below reconciles the fixed component of the undiscounted cash flows for Lease 2 of the first five years and the total remaining years to the lease liabilities recorded in the Consolidated Balance Sheet as of March 31, 2024.

Future lease obligations	
2024 remaining	\$ 39,132
2025	53,652
2026	55,261
2027	56,919
2028	48,612
Total minimum lease payments	<u>253,576</u>
Less: effect of discounting	<u>(51,992)</u>
Present value of future minimum lease payments	201,584
Less: current obligation under lease	<u>32,608</u>
Long-term lease obligations	<u>\$ 168,976</u>
Weighted average discount rate	10%
Weighted average term remaining	4.55 Years

For the three months ended March 31, 2024, and 2023, total lease expense was \$20,925 and \$81,024, which is included in general and administrative expenses in the condensed consolidated statements of operations, as well as \$62,656 from discontinued operations, respectively.

NOTE 18 – SEGMENT REPORTING

Operating segments are defined as the components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision makers in deciding how to allocate resources and in assessing performance. The Company's chief operating decision makers direct the allocation of resources to operating segments based on the profitability, cash flows, and growth opportunities of each respective segment.

The Company classifies its business interests into reportable segments which are:

- **Trxade, Inc. - Web based pharmaceutical marketplace platform – B2B sales**
- **IPS - Integra Pharma, LLC - Licensed wholesaler of brand, generic and non-drug products – B2B sales**
- **Superlatus – holds Sipientia's intellectual property for advanced food extrusion technology and The Urgent Company – Manufacturer of ice cream that is animal product-free, vegan, lactose-free, and made with plants – B2B sales**
- **Unallocated - Other – corporate overhead expense, discontinued operations and Bonum Health, LLC.**

Nine months ended September 30, 2023	Trxade, Inc.	IPS	Superlatus	Unallocated	Total			
Three Months Ended March 31, 2024						Integra	Unallocated	Total
Revenue	\$ 4,663,756	\$ 1,237,731	\$ -	\$ 18,299	\$ 5,919,786	\$ -	\$ -	\$ -
Gross Profit	4,663,756	165,553	(756)	18,299	4,846,852	-	-	-
Segment Assets	-	-	18,029,077	3,624,766	21,653,843	3,228,042	13,511,223	16,739,269
Segment Profit (Loss)	1,570,796	(388,900)	(440,268)	(6,869,237)	(6,127,609)			
Segment Profit/Loss						(238,655)	21,484,688	21,246,033
Cost of Sales	-	1,072,178	756	-	1,072,934	\$ -	\$ -	\$ -
Nine months ended September 30, 2022	Trxade, Inc.	IPS	Superlatus	Unallocated	Total			
Three Months Ended March 31, 2023						Integra	Unallocated	Total
Revenue	\$ 4,001,670	\$ 3,949,772	\$ -	\$ 42,363	\$ 7,993,805	\$ 476,356	\$ 16,960	\$ 493,316
Gross Profit	4,001,670	(41,462)	-	42,363	4,002,571	56,259	16,960	73,219
Segment Assets	1,853,474	454,783	-	2,172,060	4,480,317	358,035	3,679,736	4,037,771
Segment Profit (Loss)	1,320,138	(493,203)	-	(3,433,774)	(2,606,839)			
Segment Profit/Loss						(104,868)	(573,085)	(677,953)
Cost of Sales	-	3,991,234	-	-	3,991,234	\$ 420,097	\$ 270,573	\$ 690,670

NOTE 18 19 – SUBSEQUENT EVENTS

Stock Swap Agreement

Upon conclusion of the Stock Swap Transaction and Merger (see Note 1), the remaining operations within TRxADE will only consist of legacy Superlatus operations. Management has determined that Superlatus will be the accounting acquirer in the merger based upon a detailed analysis of the relevant U.S. GAAP guidance and the facts and circumstances outlined above. Consequently, Superlatus will apply acquisition accounting to the assets and liabilities of TRxADE that are acquired or assumed upon the consummation of the merger. The historical financial statements of Superlatus for periods ended prior to the consummation of the merger will reflect only the operations and financial condition of Superlatus. Subsequent to the consummation of the merger, the financial statements of Superlatus will include the combined operations and financial condition of Superlatus and remaining TRxADE operations.

As a condition and inducement to Superlatus's willingness to enter into the Merger Agreement, on June 28, 2023, Suren Ajjarapu and Prashant Patel (the "Principal Stockholders") entered into an agreement with the Company (the "Stock Swap Agreement"), pursuant to which, the Company will transfer all of the shares or membership interest of a variety of operating subsidiaries currently owned by the Company to Principal Stockholders, in exchange for Suren Ajjarapu to surrender 85,000 shares of the common stock of the Company and Prashant Patel to surrender 81,666 shares of the common stock of the Company (the "Stock Swap Transaction"). The closing of the Stock Swap Transaction shall take place simultaneously with the approval by the Company's stockholders of the conversion of the Series B preferred Stock into common stock. As of the date of this filing, the stockholders have not approved the conversion.

As discussed in Note 1 and Note 3, the closing conditions were not met and the Merger Agreement was amended on January 8, 2024.

Spero Asset Purchase Agreement

On October 4, 2023, in May 2024, the Company entered into an all-cash asset purchase agreement to acquire the assets of Spero Foods, Inc. for received \$500,000. As of the date of this filing, the Company is still working to complete the purchase.

Unregistered Sales of Equity Securities Hudson Global Ventures, LLC

On October 4, 2023, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Hudson Global Ventures, LLC (the "Purchaser"), pursuant to which the Company sold, in a private placement, (i) 290 7,500,000 shares of the Company's Series C Convertible Preferred Stock (the "Series C Preferred Stock"), stated value \$1,000 per share (the "Stated Value"), at a price of \$1,000 per share, convertible into shares (the "Conversion Shares") of the Company's common stock, par value \$0.00001 per share (the "Common Stock") and (ii) a warrant (the "Warrant") to purchase up to 41,193 shares of Common Stock. As additional consideration for entering into the Purchase Agreement, the Company issued pertaining to the Purchaser an additional 40,000 shares of Common Stock to be delivered to final payment from the Purchaser at the closing (the "Commitment Shares," together with the Series C Preferred Shares and the Warrant, the "Securities"). The offering resulted in gross proceeds to the company of \$290,000. MMS disposition.

Non-recourse funding agreement

On October 25, 2023, the Company entered into a non-recourse funding agreement with a third-party for the purchase and sale of future receivables (the "Receivables Agreement"). Pursuant to the Receivables Agreement, the third-party agreed to fund the Company \$1,200,000 to purchase \$1,728,000 of future receivables. Under the funding agreement, the third-party receives a priority interest in the receivables of Trxade Inc. The Company also paid \$60,000 as a one-time origination fee in connection with the Receivables Agreement. The Receivables Agreement also allows for the third-party funder to file UCCs securing their interest in the receivables and includes customary events of default.

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

General Information

This information should be read in conjunction with the interim unaudited financial statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the audited financial statements and notes thereto and "Part II. Other Information – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations", contained in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, filed with the SEC on **March 27, 2023** **April 22, 2024** (the "Annual Report").

Certain capitalized terms used below and otherwise defined below, have the meanings given to such terms in the footnotes to our unaudited consolidated financial statements included above under "Part I – Financial Information" – "Item 1. Financial Statements".

Please see the section entitled "Glossary" in our Annual Report for a list of abbreviations and definitions used throughout this Report.

Unless the context requires otherwise, references to the "Company," "we," "us," "our," and "Trxade", refer specifically to TRxADE HEALTH, INC. and its consolidated subsidiaries. References to "Q1", "Q2", "Q3", and "Q4" refer to the first, second, third, and fourth quarter, respectively, of the applicable year. Unless otherwise stated or the context otherwise requires, comparisons from one period to another are to the same period of the prior fiscal year.

In addition, unless the context otherwise requires and for the purposes of this report only:

- "Exchange Act" refers to the Securities Exchange Act of 1934, as amended;
- "Securities Act" refers to the Securities Act of 1933, as amended.

Summary of The Information Contained in Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. MD&A is organized as follows:

- **Company Overview.** Discussion of our business and overall analysis of financial and other highlights affecting us, to provide context for the remainder of MD&A.
- **Recent Events.** Summary of material transactions occurring during the three and nine months ended **September 30, 2023** **March 31, 2024**.
- **Liquidity and Capital Resources.** An analysis of changes in our consolidated balance sheets and cash flows and discussion of our financial condition.
- **Results of Operations.** An analysis of our financial results comparing the three and nine months ended **September 30, 2023** **March 31, 2024**, and **2022, 2023**.
- **Critical Accounting Policies.** Accounting estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results and forecasts.

Company Overview

TRxADE HEALTH is a technology-enabled health services platform. Through our subsidiary companies we focus on digitalizing the retail pharmacy and health services experience by optimizing drug procurement, the prescription journey, access to physicians in the patient's home and patient engagement in the U.S.

Our services provide pricing transparency, purchasing capabilities and other value-added services on a single platform focused on serving the nation's approximately 19,397 independent pharmacies with annual purchasing power of \$67.1 billion (according to the National Community of Pharmacists Association's 2021 Digest). Our national wholesale supply partners are able to fulfill orders on our platform in real-time and provide pharmacies with cost-saving payment terms and next-day delivery capabilities in unrestricted states under the Model State Pharmacy Act and Model Rules of the National Association of Boards of Pharmacy (Model Act). We have expanded significantly since 2015 and now have around 14,100+ registered members on our sales platform.

The Company changed its name on June 1, 2021 owns, as of March 31, 2024, from "Trxade Group, Inc" to "TRxADE HEALTH, INC.". TRxADE HEALTH, INC. owns 100% of Trxade, Inc., Integra Pharma Solutions, LLC (formerly Pinnacle Tek, Inc.), Alliance Pharma Solutions, LLC, Community Specialty Pharmacy, LLC, Bonum Health, LLC, Superlatus, Inc., and The Urgent Company, Inc. Bonum Health, LLC. During the year ended December 31, 2023 and a portion of the quarter ended March 31, 2024, Trxade, Inc. is, operated a web-based market platform that enables commerce among healthcare buyers and sellers of pharmaceuticals, accessories and services.

On September 27, 2023, the Company entered into an Asset Purchase Agreement ("APA") with The Urgent Company, Inc. ("TUC") and its wholly owned subsidiaries, pursuant to which, the Company was assigned certain inventory and property and equipment for consideration of a \$3,150,000 promissory note. This acquisition is expected to enhance the Company's production of sustainable food products and enable the expansion of market share.

Integra Pharma Solutions, LLC ("IPS" d.b.a. Trxade Prime), is a licensed pharmaceutical wholesaler and sells brand, generic and non-drug products to customers. IPS customers include all healthcare markets including government organizations, hospitals, clinics and independent pharmacies nationwide.

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On January 20, 2023, the Company entered into Membership Interest Purchase Agreements to sell 100% of the outstanding membership interests of the Company's former subsidiaries, Community Specialty Pharmacy, LLC ("CSP") and Alliance Pharma Solutions, LLC ("APS" d.b.a DelivMeds). The Company will receive consideration in the amount of \$125,000 for APS and \$100,000 for CSP. The Company also agreed to enter into a Master Service Agreement to operate the businesses prior to closing. Additional amounts owed to the Company as a result of this Master Service Agreement totaled \$1,075,000 as of the closing date of August 22, 2023 (see Note 3 and Note 7).

Bonum Health, LLC ("Bonum Health"), was formed to hold certain telehealth assets acquired in October 2019. The "Bonum Health Hub" was launched in February 2020; however, the Company does not anticipate installations moving forward.

SOSRx, LLC ("SOSRx") was formed on February 15, 2022. The Company entered into a relationship with Exchange Health, LLC ("Exchange Health"), a technology company providing an online platform for manufacturers and suppliers to sell and purchase pharmaceuticals. SOSRx, a Delaware limited liability company, was formed, which was owned 51% by the Company and 49% by Exchange Health. SOSRx did not generate material revenue and in February of 2023, the Company voluntarily withdrew from the joint venture agreement. As part of the voluntary withdrawal the Company has recorded a loss of \$352,244 from disposal of assets, which is included in net loss on discontinued operations in the audited consolidated statement of operations in the amount of for the year ended December 31, 2023.

Merger

On July 14, 2023, the Company entered into an Amended and Restated Agreement and Plan of Merger (the "Merger Agreement") with Superlatus, Inc., a U.S.-based holding company of food products and distribution capabilities ("Superlatus") and Foods Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("Merger Sub").

Superlatus is a diversified food technology company with distribution capabilities and systems to optimize food security and population health via innovative Consumer Packaged Goods ("CPG") products, agritech, foodtech, plant-based proteins and alt-protein and includes wholly-owned subsidiary, Sapientia, Inc. ("Sapientia"), a food tech business.

On July 31, 2023 (the "Closing Date"), the Company completed its acquisition of Superlatus in accordance with the terms and conditions of the Merger Agreement (the "Merger"), pursuant to which the Company acquired Superlatus by way of a merger of the Merger Sub with and into Superlatus, with Superlatus being a wholly owned subsidiary of the Company and the surviving entity in the Merger.

Under the terms of the Merger Agreement, at the closing of the Merger (the "Closing"), shareholders of Superlatus received in aggregate 136,441 shares of common stock of the Company, representing 19.9% 19.99% of the then total issued and outstanding common stock of the Company after the consummation of the Merger and 306,855 shares of Company's Series B Preferred Stock, par value \$0.00001 per share (the "Series B Preferred Stock"), with a conversion ratio of 100 shares of Series B Preferred Stock to one, one share of common stock. At Closing, the value of the common stock was \$7.30 per share, resulting in a total value of \$225,000,169. Upon consummation of the Merger, the Company will continue continued to trade under the current ticker symbol "MEDS."

As a condition and inducement to Superlatus' willingness to enter into Not all of the closing conditions of the Merger Agreement on June 28, 2023, Suren Ajjarapu and Prashant Patel (the "Principal Stockholders") were met. As a result, the Company entered into an agreement with TRxADE Amendment No. 1 to the Amended and Restated Agreement and Plan of Merger (the "Stock Swap Agreement" "Amendment"), pursuant to which, TRxADE will transfer all on January 8, 2024. Under the terms of the shares or membership interest of a variety of operating subsidiaries currently own by TRxADE to Principal Stockholders, in exchange for Suran Ajjarapu to surrender 85,000 share of common stock of TRxADE and Prashant Patel to surrender 81,666 shares of Amendment, the common stock of TRxADE (the "Stock Swap Transaction"). The closing of the Stock Swap Transaction shall take place simultaneously with the approval of TRxADE stockholders of the conversion of the Series B preferred Stock into common stock. The closing of the Stock Swap Transaction is subject to the simultaneous condition that the Merger is successfully closed. As of the date of this filing, TRxADE stockholders have not approved the conversion.

In connection with the Merger, on July 31, 2023, certain Superlatus shareholders as of immediately prior to the Merger, and certain directors and officers of TRxADE as of immediately prior to the Merger, entered into lock-up agreements with the Company, pursuant to which each such stockholder will be subject to a 360 day lockup on the sale or transfer of shares of common stock or securities nued into or exercisable for or exchangeable for common stock held by each such stockholder at the closing of the Merger (the "Lock-up Agreements").

In connection with the Merger, effective one (1) business day immediately prior to the Closing Date (the "MEDS Rights Record Date"), the Company issued merger consideration to the shareholders of Superlatus was adjusted to the Company as aggregate of the MEDS Rights Record Date, including the independent directors who are entitled to certain amount 136,441 shares of common stock of the Company, in connection with their 2023 annual compensation representing 19.99% of the total issued and regardless of whether the common stock has been issued or vest before the MEDS Rights Records Date (collectively, the "MEDS Rights Shareholders") a non-transferrable right to receive one share of outstanding common stock of the Company at no cost (the "MEDS Rights"), after the consummation of the Merger and 15,759 shares of Company's Series B Preferred Stock, with seven (7) MEDS Rights issued per a conversion ratio of 100 shares of Series B Preferred Stock to one share of common stock stock. At Closing, the value of the common stock was \$7.30 per share, resulting in a total value of \$12,500,089. Additionally, the shareholders of Superlatus agreed to surrender back to the Company held as 291,096 shares of the MEDS Rights Record Date, conditioned upon their execution of a Registration Rights Agreement. Such issuances will be made Company's Series B Preferred Stock. As described below, in reliance on the exemption from registration pursuant to Section 3(a)(9) or Section 4(a)(2) of the Securities Act, Regulation D under the Securities Act promulgated thereunder, and corresponding provisions of state securities or "blue sky" laws. The MEDS Rights are not actionable or transferable until registration; provided they become transferable one year after the date of the Merger if no registration has occurred. As of the date of this filing, no shares of common stock were issued to MEDS Rights Shareholders.

On January 20, 2023, March 2024 the Company entered into Membership Interest Purchase Agreements to sell 100% divested of the outstanding membership interests of Alliance Pharma Solutions, LLC and Community Specialty Pharmacy, LLC. The transactions closed on August 22, 2023.

On February 15, 2022, the Company entered into a relationship with Exchange Health, LLC, a technology company providing an online platform for manufacturers and suppliers to sell and purchase pharmaceuticals ("Exchange Health"). SOSRx LLC, the created entity relating to the relationship, a Delaware limited liability company, was formed its interest in February 2022, and was owned 51% by the Company and 49% by Exchange Health ("SOSRx").

On February 4, 2023, and effective as of February 1, 2023, the Company entered into a Voluntary Withdrawal and Release Agreement, (the "Release Agreement"). Pursuant to the Release Agreement, (a) the Company voluntarily withdrew as a member of SOSRx pursuant to the terms of the Operating Agreement of SOSRx, (b) the Company's interests in SOSRx were terminated; (c) the Company's promissory note in favor of SOSRx was canceled; and (d) the parties agreed that no earn out payments will be due.

TRxADE Inc Superlatus.

Trxade.com is a web-based pharmaceutical marketplace engaged in promoting and enabling commerce among independent pharmacies, small chains, hospitals, clinics and alternate dispensing sites with large pharmaceutical suppliers nationally. Our marketplace has over 72 national and regional pharmaceutical suppliers providing over 120,000 branded and generic drugs, including over the counter drugs and drugs available for purchase by pharmacists. We generate revenue from these services by charging a transaction fee to the seller of the products for sales conducted on the Trxade platform. The buyers do not bear the cost of transaction fees for the purchases that they make, nor do they pay a fee to join or register with our platform. Our core service has the goal of bringing the nation's independent pharmacies and accredited national suppliers of pharmaceuticals together to provide efficient and transparent buying and selling opportunities. **Dispositions**

As of September 30, 2023, the TRxADE platform increased its registered users by 870 or 6.17% compared to September 30, 2022. For the nine months ended September 30, 2023, new registrations were 196 compared to 296 for the same period in 2022. As of September 30, 2023, total registered users were approximately 14,900+ compared to 14,100+ at September 30, 2022.

The table below summarizes the key metrics that management evaluated in relation to the activity on the Trxade platform for the nine-month period ended September 30, 2023 compared to the same period in 2022:

Processed Sales Volume	19%
Total Revenue	21%
Registered Users	6%

Integra Pharma Solutions, LLC

Integra Pharma Solutions, LLC ("Trxade Prime") is a licensed wholesaler of brand, generic and non-drug products to customers. Trxade Prime takes orders for products, creates invoices for each order and recognizes revenue at the time the customer receives the product. We utilize "just in time" inventory and drop ship partnerships to ship orders to customers. The focus of Trxade Prime is to be the pharmaceutical supplier of choice for healthcare organizations of all sizes. Our expertise in the distribution of products extends to all healthcare markets including government organizations, hospitals, clinics, and independent pharmacies nationwide.

Community Specialty Pharmacy, LLC

Community Specialty Pharmacy, LLC ("CSP") is a licensed retail pharmacy. CSP was founded in 2010 with a goal of providing customer care at a level above and beyond anything the market had experienced before. CSP has carved a niche in the competitive independent pharmacy industry with its patient-driven approach. As discussed below, we have started a process to explore strategic alternatives for CSP, as well as our other business-to-consumer (B2C) subsidiaries.

Alliance Pharma Solutions, LLC On February 16, 2024, the Company, together with Trxade, Inc., and Micro Merchant Systems, Inc. (“MMS”) entered into an asset purchase agreement (the “APA”) under which MMS agreed to purchase for cash substantially all of the assets of Trxade, Inc. On February 16, 2024, the parties consummated the closing of the transactions contemplated by the APA. Trxade, Inc. operated a web-based market platform designed to enable trading among healthcare buyers and sellers of pharmaceuticals, accessories and services. The purchase price paid at closing was \$22.6 million. Pursuant to the terms and conditions of the APA, because MMS received \$1.6 million or greater in certain collections from third parties resulting from any products or services sold, or provided, by the business assets and operations acquired from Trxade, Inc. during the period ending on the four-month anniversary of the closing date, Trxade, Inc. was due an additional \$7.5 million payment from MMS. The Company received the \$7.5 million in May 2024.

Alliance Pharma Solutions, LLC, a.k.a. DelivMeds, (“APS”) was established in 2018 as a digital option to traditional prescription delivery. APS is currently being rebranded and the digital technology continues to be developed. APS has generated no revenue and we continue to incur significant technology expenses. As discussed above, we entered into a Membership Purchase Agreement in January of 2023 to sell 100% of the outstanding membership interests of Alliance Pharma Solutions, LLC and Community Specialty Pharmacy, LLC. The sale closed on August 22, 2023. The financial results of APS and CSP are presented in discontinued operations on the Consolidated Balance Sheets and Consolidated Statements of Operations.

Bonum Health, LLC

Our Bonum Health, LLC (“Bonum”) operations were acquired in October of 2019. Bonum is a digital healthcare technology platform focused on making healthcare affordable, accessible and convenient through Telehealth services. Patients can use the Bonum Health mobile app or website to access board-certified medical providers, for non-emergent services. As of May 2022, Bonum also announced agreements to offer telehealth veterinary services. Additional services also available include Men’s and Women’s Health, Dermatology, Pediatrics and Ophthalmology in the comfort of their home or from anywhere. These services can be affordably accessed by the under-insured, non-insured and under-served communities seeking access to essential healthcare services. For employers, Bonum provides Telehealth solutions allowing employers to provide convenient and affordable health coverage to their employees without requiring health insurance. Our Bonum health subsidiary provides affordable access to medical professionals in the patient’s home. As discussed below, we have started a process to explore strategic alternatives for Bonum, as well as our other business-to-consumer (B2C) subsidiaries.

SOSRx, LLC

On **February 15, 2022** March 5, 2024, the Company entered into in a relationship Stock Purchase Agreement (“SPA”) with Exchange Health, LLC. On February 4, 2023 Superlatus Foods Inc. (the “Buyer”). Pursuant to the SPA, the Company sold all of the issued and outstanding stock of Superlatus Inc. to the Buyer. The \$1.00 purchase price for the Stock was delivered to the Company at the closing, which occurred simultaneously with the execution of the SPA. As a voluntary withdrawal agreement was signed by both parties, result of the transaction Superlatus is no longer a subsidiary of the Company, and the rights and assets of Superlatus together with various liabilities and obligations that were specific to Superlatus became rights and obligations of Buyer.

Superlatus, Inc.

On July 31, 2023, the Company merged with Superlatus, Inc. (see above), a U.S.-based holding company of food products and distribution capabilities. With its subsidiary, Sapientia, Inc. (“Sapientia”), a food tech business, Superlatus is a diversified food technology company with distribution capabilities and systems to optimize food security and population health via innovative Consumer Packaged Goods (“CPG”) products, agritech, foodtech, plant-based proteins and alt-proteins. Superlatus provides industry-leading processing and forming technologies that create high nutrition, high taste, and textured foods.

The Urgent Company, Inc.

The Urgent Company and its consumer brands focus on creating sustainable, animal-free products.

Recent Events

Nasdaq Listing Rule 5550(b) Recent Events

As previously disclosed in the Current Report on Form 8-K, filed by the Company with the SEC on August 1, 2022, on July 29, 2022

On May 23, 2024, the Company received a letter notice (the “Notice”) from the Nasdaq notifying Listing Qualifications Department indicating that the Company that it was not in compliance compliant with the minimum \$2,500,000 stockholders’ equity timely filing requirement in Nasdaq Listing Rule 5550(b)(1) (the “Rule”) for continued listing on the Nasdaq Capital Market, and did not meet the alternative listing requirements under Nasdaq Listing Rule 5550(b). On October 17, 2022 5250(c)(1) (the “Listing Rule”), Nasdaq granted which requires listed companies to timely file all required periodic reports with the Company’s request for an extension until January 25, 2023, to regain compliance with this requirement.

On January 30, 2023, the Company received a delist determination letter from Nasdaq advising the Company that Nasdaq had determined SEC. The Notice indicates that the Company did not meet the terms of the extension. Specifically, the Company did not complete its proposed transactions and was unable to file a Current Report on Form 8-K by January 25, 2023 must, no later than July 22, 2024, evidencing compliance with the Rule.

On February 6, 2023, the Company submitted a hearing request to the Nasdaq Hearings Panel (the "Panel"), which request stayed any delisting action by Nasdaq at least until the hearing process concludes and any extension granted by the Panel expires.

A hearing before the Panel was held on March 23, 2023, at which the Company presented submit a plan to regain compliance with respect to the Rule that included filing requirement. Following receipt of such plan, Nasdaq may grant an underwritten public offering of Company securities extension of up to \$15,000,000 and expense reductions. On April 5, 2023, 180 calendar days from the Company received a letter from Nasdaq advising the Company that the Panel was granting the Company's request for an exception to permit the continued listing due date of the Company's stock Quarterly Report on Form 10-Q for the Nasdaq Capital Market while it completes a public offering of its Company securities up to \$15,000,000. The Panel's grant of the Company's request period ending March 31, 2024 (the "Form 10-Q"), or until November 18, 2024, for continued listing is subject to the conditions that (i) on or before April 15, 2023, the Company must advise the Panel on the status to regain compliance. However, as a result of the filing of an S-1 registration statement for the offering, and (ii) on or before June 21, 2023, this Form 10-Q, the Company must demonstrate believes it has fully regained compliance with the Nasdaq Listing Rule.

The Company received a notice from the Panel that the Panel had granted the Company an extension until July 31, 2023, to demonstrate compliance with the \$2,500,000 minimum stockholders' equity requirement, as outlined in the Nasdaq's listing rule 5550(b)(1). As a result of the Merger as described below, the Company now has stockholders' equity above the minimum stockholders' equity requirement for continued listing of \$2,500,000.

Liquidity and Capital Resources

Cash

Cash was \$34,031 \$3,498,812 as of September 30, 2023 March 31, 2024, compared to \$1,094,891 \$361 as of December 31, 2022 December 31, 2023. The decrease increase in cash was mainly due to the increased operating expenses as a result proceeds from disposition of the Merger assets and the TUC acquisition, partially offset by cash generated from increased revenues, liabilities of Trxade, Inc. We expect that our future available capital resources will consist primarily of cash generated from operations, remaining cash balances, borrowings, and additional funds raised through sales of debt and/or equity securities.

Liquidity

Cash, current assets, current liabilities, short term debt and working capital at the end of each period were as follows:

	September 30, 2023	December 31, 2022	Change	Percent Change	March 31, 2024	December 31, 2023	Change	Percent Change
Cash	\$ 34,031	\$ 1,094,891	\$ (1,060,860)	(97)%	3,498,812	361	3,498,451	968108 %
Current assets (excluding cash)	5,513,798	988,230	4,515,568	452 %	10,528,004	2,752,702	7,775,302	282 %
Current liabilities (excluding short term debt)	3,862,289	1,980,124	1,882,165	95 %				
Short term debt (notes payable related party)	5,230,000	166,667	5,063,333	3,038 %				
Current liabilities					2,951,387	11,556,355	(8,604,968)	-74 %
Working capital	(3,544,460)	(53,670)	(3,490,790)	(6,504)%	11,075,429	(8,803,292)	19,878,721	-226 %

Our principal sources of liquidity have historically been cash provided by operations, sales of equity, and borrowings under various debt arrangements. Our principal uses of cash have been for operating expenses, technology development, and acquisitions. We anticipate these uses will continue to be our principal sources of, and uses of, cash in the future.

The decrease increase in cash as of September 30, 2023 March 31, 2024, compared to December 31, 2022 December 31, 2023, was primarily due to increases in professional fees and accounting and legal expense of \$525,479 and \$215,409, respectively, the proceeds from the nine disposition of assets and liabilities of Trxade, Inc., from the three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022. Increased expenses were mainly the result of the Merger and the TUC acquisition. Additionally, technology expense increased as a result of an increase in the primary vendor's rates. The effect of these increases was partially offset by decreases in wage and salary expense as a result of the departure of two members of management during the nine months ended September 30, 2023 March 31, 2023.

Liquidity Outlook

Special Cash Dividend

On March 6, 2024, the Company announced the declaration of a special cash explanation dividend of eight dollars (\$8.00) per share of common stock, payable to stockholders of record as of March 18, 2024, with the dividend being paid on March 22, 2024. The special dividend of \$12,671,072 was paid using a portion of the proceeds from the closing of the sale of the Company's Trxade assets.

Liquidity Outlook cash explanation

Cash Requirements

Our primary objectives for the remainder of 2023 2024 are to take steps in an effort to increase our client base continue development and operational revenue expansions on our Trxade Inc. and Trxade Prime platforms, and to complete potential strategic transactions of our business-to-consumer subsidiaries, which may include a potential sale, spin-off, fund raising, combination or other strategic transaction, and also include the winding down of such entities. There can be no assurance that our operations will generate significant positive cash flow, or that additional funds will be available to us, through borrowings or otherwise, on favorable terms if required in the future, or at all. We may also raise additional funding in the future through the sale of equity.

We estimate our operating expenses and working capital requirements for the next 12 months to be approximately as follows:

Projected Expenses from October 2023 to September 2024	Amount	
Projected Expenses from April 2024 to March 2025	Amount	
General and administrative (1)	\$ 8,000,000	\$ 4,800,000
Total	\$ 8,000,000	\$ 4,800,000

(1) Includes estimated wages and payroll, legal and accounting, marketing, rent and web development.

We will still may require additional funding in the future to support expand or complete acquisitions. The sources of this capital are expected to be equity investments and notes payable. Our plan for the next twelve months is to continue using the same marketing and management strategies to promote our operations. Integra Pharma Solutions assets and operations, exploring strategic transactions involving our corporate assets, while also seeking to expand our operations organically or through acquisitions, as funding and opportunities arise. As our business continues to grow, customer feedback will be integral in making small adjustments to improve our products and overall customer experience. In the event we require additional funding, we plan to raise that through the sale of debt or equity, which may not be available on favorable terms, if at all, and may, if sold, cause significant dilution to existing stockholders. If we are unable to access additional capital moving forward, it may hurt our ability to grow and to generate future revenues.

Cash Flows We believe that we have adequate cash to implement our plan to operate a business-to-business web-based marketplace focused on the United States pharmaceutical industry. Our core service is designed to bring the nation's independent pharmacies and accredited national suppliers of pharmaceuticals together to provide efficient and transparent buying and selling opportunities.

Cash Flows

The following table summarizes our Consolidated Statements of Cash Flows for the following periods:

	Three Months Ended		Change	Percent Change
	March 31,			
	2024	2023		
Net loss from continuing operations	(6,636,922)	(1,136,637)	(5,500,285)	484%
Net cash provided by (used in):				
Net cash used in operating activities from continuing operations	(9,662,731)	(1,358,582)	(8,304,149)	611%
Net cash used in (provided by) operating activities from discontinued operations	(526,942)	427,051	(953,993)	-223%
Operating Activities				
Net cash used in investing activities from continuing operations	(2,500,000)	(87,072)	(2,412,928)	2771%
Net cash provided by investing activities from discontinued operations	29,932,589	420,269	29,512,320	7022%
Investing Activities				
Net cash used in (provided by) financing activities from continuing operations	(13,891,011)	681,257	(14,572,268)	-2139%
Net cash used in financing activities from discontinued operations	(5,000)	-	(5,000)	0%
Financing Activities				
Net change in cash	3,346,905	82,923	3,263,982	3936%

	Nine Months Ended September 30,		Change	Percent Change
	2023	2022		
Net loss from continuing operations	\$ (2,004,581)	\$ (1,983,743)	\$ (20,838)	(1)%
Net cash provided by (used in):				
Net cash used in operating activities from continuing operations	(612,184)	(2,132,883)	1,520,699	73%
Net cash used in (provided by) operating activities from discontinued operations	(593,893)	(623,096)	29,203	5%
Operating Activities	(1,206,077)	(2,755,979)	1,549,902	56%

Net cash used in investing activities from continuing operations	5,546	(312,902)	318,448	(102)%
Net cash provided by investing activities from discontinued operations	68,737	-	68,737	100%
Investing Activities	<u>74,283</u>	<u>(312,902)</u>	<u>387,185</u>	<u>124%</u>
Net cash used in (provided by) financing activities from continuing operations	570,934	268,018	302,916	113%
Net cash used in financing activities from discontinued operations	(500,000)	-	(500,000)	100%
Financing Activities	<u>70,934</u>	<u>268,018</u>	<u>(197,084)</u>	<u>(74)%</u>
Net change in cash	\$ (1,060,860)	\$ (2,800,863)	\$ 1,740,003	62%

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Cash used in operations for the nine three months ended September 30, 2023 March 31, 2024, was \$(1,206,077) \$(10,189,673), compared to cash used in operations for the nine three months ended September 30, 2022 March 31, 2023, of \$(2,755,979) \$(931,531). The decrease increase in cash used in operations for the nine three months ended September 30, 2023 March 31, 2024, compared to September 30, 2022 March 31, 2023, was mainly due to shares issued for services at fair value of \$4,450,919 and increased professional fees and accounting and legal expense for the comparable periods as a result of the Merger and the purchase of TUC, partially offset by decreased wage and salary expense due to the departure of two members of management during the nine months ended September 30, 2023, technology expense.

Cash provided by investing activities for the nine three months ended September 30, 2023 March 31, 2024, was \$74,283 \$27,432,589 and cash used in provided by investing activities was \$(312,902) \$333,197 for the nine three months ended September 30, 2022 March 31, 2023. The decrease increase in cash provided by investing activities is related to the discontinuation disposition of SOSRX, Trxade, Inc. and Superlatus, Inc., partially offset by investment in securities of \$2,500,000.

Cash provided by used in financing activities for the nine three months ended September 30, 2023 March 31, 2024, was \$70,934 \$(13,896,011) compared to cash provided by financing activities for the nine three months ended September 30, 2022 March 31, 2023, which was \$268,018, \$681,257. The decrease was mainly due to a decrease in repayment of the net balance of the contingent funding liability, liability of \$1,246,346 and payment of dividends of \$12,671,072.

Results of Operations

The following selected consolidated financial data should be read in conjunction with the unaudited consolidated financial statements and the notes to these statements included above.

Three Month Period Ended September 30, 2023 March 31, 2024, compared to Three Month Period Ended September 30, 2022 March 31, 2023

	Three Months Ended				Three Months Ended			
	September 30,		Change	Percentage Change	March 31,		Change	Percent Change
	2023	2022			2024	2023		
Revenues	\$ 2,058,028	\$ 2,055,803	\$ 2,225	0%	\$ -	493,316	(493,316)	-100%
Cost of sales	353,450	683,375	(329,925)	(48)%	-	420,097	(420,097)	-100%
Gross profit	1,704,578	1,372,428	332,150	24%	-	73,219	(73,219)	-100%
Operating expenses:								
Technology, research & development	410,612	238,577	172,035	72%				
Wages and salary expense	698,030	849,371	(151,341)	(18)%				
Accounting and legal	408,957	191,007	217,950	114%				
Wage and salary expense					223,172	203,401	19,771	10%
Professional fees	418,294	82,710	335,584	406%	179,553	135,954	43,599	32%
Other general and administrative (less stock-based compensation expense)	610,074	200,310	409,764	205%				
Accounting and legal expense					339,047	248,216	90,831	37%
Technology expense					53,859	43,717	10,142	23%
General and administrative (less stock-based compensation expense)					4,676,574	233,587	4,442,987	1902%
Warrants and options expense	3,760	29,216	(25,456)	(87)%	24,266	14,434	9,832	68%
Total operating expenses	2,549,727	1,591,191	958,536	60%	5,496,471	879,309	4,617,162	525%
Change in fair value of warrant liability	925,320	-	925,320	100%	(729,889)	79,891	(809,780)	-1014%
Interest, net	(251,778)	(121,711)	(130,067)	107%				
Gain (loss) on disposal of asset	-	-	-	0%				
Interest income					62,921	4,198	58,724	1399%
Loss on disposal of asset					(374,968)	(352,244)	22,724	6%
Interest expense					(98,515)	(62,392)	(36,124)	58%
Net loss from operations	\$ (171,607)	\$ (340,474)	\$ 168,867	(50)%	(6,636,922)	(1,136,637)	(5,500,285)	484%

Loss on discontinued operations	(3,353,507)	(188,268)	(3,165,239)	(1,681)%	27,882,955	458,684	27,424,271	5979%
Net loss attributable to TRxADE Health, Inc.	(3,525,114)	(503,003)	(3,022,111)	(601)%				
Net loss attributable to non-controlling interests	-	(25,739)	25,739	100%				
Net income/(loss)					21,246,033	(677,953)	21,923,986	-3234%

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Our

There are no revenues for the three months ended September 30, 2023, were from the Trxade platform and Integra Pharma Solutions, March 31, 2024. Revenues increased decreased by \$2,225, \$493,316, compared to the same period ended September 30, 2022. Revenue generated by Trxade Inc from platform sales and Trxade Prime increase approximately 0% for the three months ended September 30, 2023 compared to the same period ended September 30, 2022 March 31, 2023.

For the three-month period ended September 30, 2023 March 31, 2024, cost of goods sold and gross profit were \$353,450 \$0, and \$1,704,578 respectively, \$420,097 and \$683,375 and \$1,372,428, \$73,219, respectively for the same period in 2022, 2023. Gross profit as a percentage of sales was 83% 0% for the three months ended September 30, 2023 March 31, 2024, compared to 67% 14.84% for the three months ended September 30, 2022 March 31, 2023.

Accounting and legal expenses increased \$217,950 \$90,831 for the three months ended September 30, 2023 March 31, 2024 to \$408,957 \$339,047 compared to \$191,007 \$248,216 for the comparable period in 2022 and professional 2023. The increase is primarily due to increase in amount of legal services during the three months ended March 31, 2024 as compared to the same period in 2023.

Professional fees increased \$335,584 \$43,599 to \$418,294 \$179,553 compared to \$82,710 \$135,954 for the comparable period in 2022. These increases were 2023. The increase was primarily due to the Merger increase in Board members' fees and purchase of TUC, consulting expense.

General and administrative expenses (less including stock-based compensation expense) increased \$409,764 \$4,452,819 for the three months ended September 30, 2023, March 31, 2024 to \$610,074 \$4,700,840 compared to \$200,310 \$248,021 for the comparable period in 2022, 2023. The increase was mainly due to shares issued for services at fair value of \$4,450,919.

Technology expense increased \$10,142 for the three months ended March 31, 2024 to \$53,859 compared to \$43,717 for the comparable period in 2023. The increase was mainly due to increased operations as a result of the Merger. Technology, research software expense and development increased \$172,035 for the three months ended September 30, 2023 to \$410,612 compared to \$238,577 for the comparable period in 2022. The increase was mainly due to increased billing rates from the primary vendor. These increases were partially offset by decreases in wages and salary expense as a result of the departure of two members of management as well as the effects of other cost-cutting efforts, software support expense.

We had interest expense, net, of \$251,778 \$98,515 for the three months ended September 30, 2023 March 31, 2024, compared to interest expense, net, of \$121,711 \$62,392 for the three months ended September 30, 2022 March 31, 2023. The increase is due to the increase higher balance of the accounts receivable advances as a result of advances taken in 2023 2024 and 2022, 2023.

We recognized a gain loss on the change in the fair value of the warrant liability of \$925,320 \$729,889 for the three months ended September 30, 2023. As the warrants were issued in October 2022, no March 31, 2024, compared to a gain or loss was recognized of \$79,891 during the three months ended September 30, 2022 March 31, 2023.

During the three months ended September 30, 2023 March 31, 2024, the Company generated a net loss from continuing operations of \$171,607 \$6,636,922 compared to a net loss from continuing operations of \$340,474 \$1,136,637 for the three months ended September 30, 2023 March 31, 2023. The increase in net loss is mainly driven by the increased operating costs as a result of the Merger, partially offset by an increase stock compensation in gross profit, 2024.

Net loss profit from discontinued operations increased \$3,165,239 by \$27,424,271 to a net loss income of \$3,353,507 \$27,882,955 for the three months ended September 30, 2023 March 31, 2024, compared to a net loss income from discontinued operations of \$188,268 \$458,684 for the three months ended September 30, 2022 March 31, 2023. The increase was due to the disposal of APS and CSP Trxade, Inc., partially offset by loss on disposal of Superlatus, Inc. during the three months ended September 30, 2023.

Nine Month Period Ended September 30, 2023, compared to Three Month Period Ended September 30, 2022

	Nine Months Ended September 30,		Change	Percentage Change
	2023	2022		
Revenues	\$ 5,919,786	\$ 7,993,805	\$ (2,074,019)	(26)%
Cost of sales	1,072,934	3,991,234	(2,918,300)	(73)%
Gross profit	4,846,852	4,002,571	844,281	21%
Operating expenses:				
Technology, research & development	1,010,374	690,875	319,499	46%
Wages and salary expense	2,077,362	2,949,386	(872,024)	(30)%
Accounting and legal	782,495	567,086	215,409	38%
Professional fees	782,286	256,807	525,479	205%
Other general and administrative (less stock-based compensation expense)	1,238,924	1,324,691	(85,767)	(6)%
Warrants and options expense	25,978	67,439	(41,461)	(61)%
Total operating expenses	5,917,419	5,856,284	61,135	1%
Change in fair value of warrant liability	(443,308)	-	(443,308)	(100)%
Interest, net	(490,706)	(132,230)	(358,476)	271%
Loss on disposal of asset	-	2,220	(2,220)	(100)%
Net loss from operations	\$ (2,004,581)	\$ (1,983,743)	\$ (20,838)	1%
Loss on discontinued operations	(4,123,028)	(623,096)	(3,499,932)	562%
Net loss attributable to TRxADE Health, Inc.	\$ (6,127,609)	(2,546,913)	(3,580,696)	(141)%
Net loss attributable to non-controlling interests	-	(59,926)	59,926	100%

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Our revenues for the nine months ended September 30, 2023, were from the Trxade platform and Integra Pharma Solutions. Revenues decreased by \$2,074,019 compared to the same period ended September 30, 2022. Trxade Inc revenue generated from platform sales and Trxade Prime decreased approximately 26% for the nine months ended September 30, 2023 compared to the same period ended September 30, 2022. The decrease in revenue for Trxade Prime is related to decreased sales, see “Company Overview - Integra Pharma Solutions”.

For the nine-month period ended September 30, 2023, cost of goods sold and gross profit were \$1,072,934 and \$4,846,852 respectively, and \$3,991,234 and \$4,002,571, respectively for the same period in 2022. Gross profit as a percentage of sales was 82% for the nine months ended September 30, 2023, compared to 50% for the nine months ended September 30, 2022 **March 31, 2024**.

Accounting and legal expenses increased \$215,409 for the nine months ended September 30, 2023 to \$782,495 compared to \$567,086 for the comparable period in 2022 and professional fees increased \$525,479 to \$782,286 compared to \$256,807 for the comparable period in 2022. These increases were due to the Merger and purchase of TUC. Technology, research and development increased \$319,499 for the nine months ended September 30, 2023 to \$1,010,374 compared to \$690,875 for the comparable period in 2022. The increase was mainly due to increased billing rates from the primary vendor. These increases were partially offset by decreases in wages and salary expense as a result of the departure of two members of management.

We had interest expense, net of \$490,706 for the nine months ended September 30, 2023, compared to interest expense of \$132,230 for the nine months ended September 30, 2022. The reason for the increase was the increase in the balance of the contingent funding liability due to the accounts receivable advances taken in 2023 and 2022, off set by interest income from the GSC legal settlement (see discussion above under “Recent Events”).

During the nine months ended September 30, 2023, the Company recognized a loss the change in the fair value of warrants of \$443,308. As the warrants were issued in October 2022, no gain or loss was recognized during the three months ended September 30, 2022.

Net loss from operations increased \$20,838 to a net loss of \$2,004,581 for the nine months ended September 30, 2023, compared to a net loss of \$1,983,743 for the nine months ended September 30, 2022. The increase in net loss is mainly due to an increase in gross profit, partially offset but increases in spending related to the Merger and purchase of TUC.

Net loss from discontinued operations increased \$3,499,932 to a net loss of \$4,123,028 for the nine months ended September 30, 2023, compared to a net loss from discontinued operations of \$623,096 for the nine months ended September 30, 2022.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of net sales and expenses for each period. The following represents a summary of our critical accounting policies, defined as those policies that we believe are the most important to the portrayal of our financial condition and results of operations and that require management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Revenue Recognition

Revenue Recognition

In general, the Company accounts for revenue recognition in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, “Revenue from Contracts with Customers.”

Trxade, Inc. provides provided an online web-based buying and selling platform for licensed pharmaceutical wholesalers (“Suppliers”) to sell products and services to licensed pharmacies (“Customers”). Trxade, Inc. charges charged Suppliers a transaction fee, a percentage of the purchase price of the prescription drugs and other products sold through its website service. Fulfillment of confirmed orders, including delivery and shipment of prescription drugs and other products, is was the responsibility of the Supplier, not Trxade, Inc. Trxade, Inc. holds no inventory and assumes assumed no responsibility for the shipment or delivery of any products or services from our website. Trxade, Inc. considers considered itself an agent for this revenue stream and as such, reports reported revenue as net. Step One: Identify the contract with the Customers – Trxade, Inc.’s Terms and Use “Agreement,” which outlines outlined the terms and conditions between Trxade, Inc. and the Supplier, is was acknowledged and agreed to by the Supplier. Collection is was probable based on a credit evaluation of the Supplier. Step Two: Identify the performance obligations in the Agreement – Trxade, Inc. provides the Supplier access to the online website, ability to upload catalogs of products and Dashboard access to review status of inventory as well as posted and processed orders. The Agreement requires required the Supplier to post a catalog of pharmaceuticals on the platform, deliver the pharmaceuticals and, upon shipment, remit the stated platform fee. Step Three: Determine the transaction price – the Agreement outlines outlined the fee, which is based on the type of product: generic, brand or non-drug. There are were no discounts for volume transactions or early payment of invoices. Step Four: Allocate the transaction price – the Agreement details detailed the fee. There is was no difference between contract price and “stand-alone selling price”. Step Five: Recognize revenue when or as the entity satisfies a performance obligation – revenue is was recognized upon Supplier’s fulfillment of the applicable order. In February 2024, we sold substantially all of the assets and liabilities of Trxade, Inc. to MMS.

Integra Pharma Solutions, LLC (“Trxade Prime IPS”) is a licensed wholesaler of brand, generic and non-drug products to Customers. Integra LLC IPS takes orders for products, creates invoices for each order and recognizes revenue at the time the Customer receives the product. Customer returns are not material. Step One: Identify the contract with the Customer – Integra LLC IPS requires that an application and a credit card for payment be completed by the Customer prior to the first order. Each transaction is evidenced by an order form sent by the Customer and an invoice for the product is sent by Integra LLC, IPS. The collection is probable based on the application and credit card information provided prior to the first order. Step Two: Identify the performance obligations in the contract – Each order is distinct and evidenced by the shipping order and invoice. Step Three: Determine the transaction price – The consideration is variable if product is returned. The variability is determined based on the return policy of the product manufacturer. There are no sales or volume discounts. The transaction price is determined at the time of the order evidenced by the invoice. Step Four: Allocate the transaction price – There is no difference between contract price and “stand-alone selling price”. Step Five: Recognize revenue when or as the entity satisfies a performance obligation – The Revenue is recognized when the Customer receives the product.

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Bonum, LLC is a telehealth company that provides services to its subscribers. We derive our revenues from subscription-based services through our mobile application on a business-to-business or business-to-customer models. Business-to-business – Organizations contract with Bonum to provide tele-health services to their members on a per-member basis. Organizations are invoiced by Bonum, and revenue is recognized as services are provided each month. Bonum also generates revenues through business-to-customer relationships, where customers can download and subscribe to the Bonum mobile application on their digital device. Subscriptions can be monthly, annual or per encounter. Revenue is recognized as it is earned. Deferred revenue is recorded for unearned subscriptions income and recognized in the financial statements in the period earned.

Stock-Based Compensation

The Company accounts for stock-based compensation to employees in accordance with ASC 718, “**Compensation-Stock Compensation**”. ASC 718 requires companies to measure the cost of employee services received in exchange for an award of equity instruments, including stock options, based on the grant date fair value of the award and to recognize it as compensation expense over the period the employee is required to provide service in exchange for the award, usually the vesting period. Stock option forfeitures are recognized at the date of employee termination. Effective January 1, 2019, the Company adopted ASU 2018-07 for the accounting of share-based payments granted to non-employees for goods and services.

Recently Issued Accounting Standards

For more information on recently issued accounting standards, see “**NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION**”, to the Notes to Consolidated Financial Statements included herein under “**PART I. - ITEM 1. FINANCIAL STATEMENTS**”.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Because we are a smaller reporting company, we are

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item. Item as it is a “smaller reporting company,” as defined by Rule 229.10(f)(1).

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC’s rules and forms and is accumulated and communicated to the Company’s management, as appropriate, in order to allow timely decisions in connection with required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer (our principal executive officer and principal accounting/financial officer), Mr. Ajjarapu and Mr. Patel, respectively, as of March 31, 2024, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that as of September 30, 2023 March 31, 2024, our disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed in our reports filed with the SEC pursuant to the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures.

As a result of the formative stage of our development, the Company has not fully implemented the necessary internal controls. The matters involving internal controls and procedures that the Company's management considered to be material weaknesses under the standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) were: (1) insufficient written policies. The Company did not maintain a fully integrated financial consolidation and procedures reporting system throughout the period and as a result, extensive manual analysis, reconciliation and adjustments were required in order to produce financial statements for external reporting purposes, and (2) The Company does not currently have a sufficient complement of technical accounting and external reporting personnel commensurate to support standalone external financial reporting with respect under public company or SEC requirements. Specifically, the Company did not effectively segregate certain accounting duties due to the requirements small size of its accounting staff and application maintain a sufficient number of accounting principles generally accepted adequately trained personnel necessary to anticipate and identify risks critical to financial reporting and the closing process. In addition, there were inadequate reviews and approvals by the Company's personnel of certain reconciliations and other processes in day-to-day operations due to the United States lack of America ("U.S. GAAP") and SEC disclosure requirements; and (2) ineffective controls over period end financial disclosure and reporting processes. a full complement

Management believes that the material weaknesses set forth above did not have an effect on the Company's financial results reported herein. We are committed to improving our financial organization. As part of this commitment, we have increased our personnel resources and technical accounting expertise as we develop the internal and financial resources of the Company. In addition, the Company will prepare has prepared and implement implemented sufficient written policies and checklists which will set forth procedures for accounting and financial reporting with respect to the requirements and application of U.S. GAAP and SEC disclosure requirements.

Management believes that preparing and implementing sufficient written policies and checklists will remedy the following material weaknesses (i) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of U.S. GAAP and SEC disclosure requirements; and (ii) ineffective controls over period end financial close and reporting processes.

We have improved our financial organization as we have increased our personnel resources and technical accounting expertise. We will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis.

Limitations on the Effectiveness of Controls and Procedures

In designing Management of the Company, including its Chief Executive Officer and evaluating its Chief Financial Officer, does not expect that the Company's disclosure controls and procedures management recognizes that any controls or its internal control over financial reporting will prevent or detect all error and procedures, all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving that the desired control objectives. In addition, the system's objectives will be met. The design of disclosure controls and procedures a control system must reflect the fact that there are resource constraints, and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures must be considered relative to their costs. Furthermore, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons or by the collusion of two or more persons. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control over Over Financial Reporting

There has have not been any change changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2023 March 31, 2024, that has have materially affected, or is are reasonably likely to materially affect, our internal control over financial reporting.

Our workforce operated primarily in a work from home environment for the three months ended March 31, 2024. While pre-existing controls were not specifically designed to operate in our current work-from-home operating environment, we do not believe that such work-from-home actions have had a material adverse effect on our internal controls over financial reporting. We have continued to re-evaluate and refine our financial reporting process to provide reasonable assurance that we could report our financial results accurately and timely.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of business, we may become a party to lawsuits involving various matters. The impact and outcome of litigation, if any, is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We believe the ultimate resolution of any such current proceeding will not have a material adverse effect on our continued financial position, results of operations or cash flows.

Such current litigation or other legal proceedings are described in, and incorporated by reference in, this “ITEM 1. LEGAL PROCEEDINGS” of this Quarterly Report on Form 10-Q from, “PART I – ITEM 1. FINANCIAL STATEMENTS” in the Notes to Consolidated Financial Statements in “NOTE 8 16 – CONTINGENCIES”. The Company believes that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on our financial condition or results of operations. However, assessment of the current litigation or other legal claims could change in light of the discovery of facts not presently known to the Company or by judges, juries or other finders of fact, which are not in accord with management’s evaluation of the possible liability or outcome of such litigation or claims.

Additionally, the outcome of litigation is inherently uncertain. If one or more legal matters were resolved against the Company in a reporting period for amounts in excess of management’s expectations, the Company’s financial condition and operating results for that reporting period could be materially adversely affected.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the SEC on March 27, 2023 April 22, 2024 (the “Form 10-K”), under the heading “Risk Factors”, except as set forth below, and investors should review the risks provided in the Form 10-K and below, prior to making an investment in the Company. The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described in the Form 10-K for the year ended December 31, 2022 December 31, 2023, under “Risk Factors”, and below, any one or more of which could, directly or indirectly, cause the Company’s actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect the Company’s business, financial condition, operating results and stock price.

Risks Relating to Our Business:

We need additional capital which may not be available on commercially acceptable terms, if at all, which creates substantial doubt about our ability to continue as a going concern.

Our historical financial statements have been prepared under the assumption that we will continue as a going concern. As of September 30, 2023 March 31, 2024, the Company had an accumulated deficit of \$21.5 million \$25.97 million. We have limited However, after the Company’s MMS disposition, the Company had \$3.5 million in cash. Furthermore, the Company received \$7.5 million in May 2024 pertaining to the final payment of the MMS disposition. The Company believes that its cash as of the issuance date of these consolidated financial resources. As of September 30, 2023, we had a working capital deficit of \$3.5 million and a cash balance of approximately \$34,000. statements will be sufficient to meet its funding requirements during the next 12 months. We will need to raise additional capital or secure debt funding to support on-going operations. The sources of this capital are expected to be the sale of equity and debt, which may not be available on favorable terms, if at all, and may, if sold, cause significant dilution to existing stockholders. If we are unable to access additional capital moving forward, it may hurt our ability to grow and to generate future revenues, our financial position, and liquidity. These matters, when considered in the aggregate, raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time, which is defined as within one year after the date that our condensed financial statements are issued. The financial herein do not contain any adjustments to reflect the possible future effects on the classification of assets or the amounts and classification of liabilities that might result from the outcome of this uncertainty. The doubt regarding our potential ability to continue as a going concern may adversely affect our ability to obtain new financing on reasonable terms or at all. Additionally, if we are unable to continue as a going concern, our stockholders may lose some or all of their investment in the Company.

Additional financing may not be available to us when needed or, if available, it may not be obtained on commercially reasonable terms. If we are not able to obtain the necessary additional financing on a timely or commercially reasonable basis, we will be forced to delay or scale down some or all of our development activities (or perhaps even cease the operation of our business). Our access to additional capital may be negatively affected by future recessions, downturns in the economy or the markets as a whole, or inflation.

We have no commitments for any additional financing and such commitments may not be obtained on favorable terms, if at all. Any additional equity financing will be dilutive to our stockholders, and debt financing, if available, may involve restrictive covenants with respect to dividends, raising future capital, and other financial and operational matters. If we are unable to obtain additional financing as needed, we may be required to reduce the scope of our operations or our anticipated expansion, which could have a material adverse effect on us.

Our industry and the broader US economy have experienced higher than expected inflationary pressures in 2022 and the first half of 2023, related to continued supply chain disruptions, labor shortages and geopolitical instability. Should these conditions persist our business, results of operations and cash flows could be materially and adversely affected.

The first three quarters of 2022 and the first three quarters of 2023 have seen significant increases in the costs of certain materials, products and shipping costs, as a result of availability constraints, supply chain disruption, increased demand, labor shortages associated with a fully employed US labor force, high inflation and other factors. Supply and demand fundamentals have been further aggravated by disruptions in global energy supply caused by multiple geopolitical events, including the ongoing conflict between Russia and Ukraine. Service, materials and shipping costs have also increased accordingly with general supply chain and inflation issues seen throughout the United States leading to increased operating costs. Recent supply chain constraints and inflationary pressures may continue to adversely impact our operating costs and may negatively impact our ability to procure and ship products in a timely and cost-effective manner, if at all, which could result in reduced margins and lack of products and, as a result, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

Upon the occurrence of an event of default under our Receivables Agreement, our cash flows may be adversely affected.

On June 27, 2023, March 14, 2023, June 27, 2022 and September 14, 2022, the Company entered into non-recourse funding agreements with the same third-party funder for the purchase and sale of future receivables (the "Receivables Agreements"). Pursuant to the Receivables Agreements, the third-party agreed to fund the Company on June 27, 2022 \$550,000 to purchase \$792,000 of future receivables; and fund the Company again on September 14, 2022 \$275,000 to purchase \$396,000 of future receivables, again on March 14, 2023 \$875,000 to purchase \$1,224,000 and again on June 27, 2023 \$1,250,000 to purchase \$1,800,000 of future receivables. Under the Receivables Agreements, the third-party receives a priority interest in the receivables of Trxade Inc. The Company also paid \$62,500, \$42,500, \$27,500, and \$15,000 as origination fees in connection with the Receivables Agreements. The Receivables Agreements also allows for the third-party funder to file UCCs securing their interest in the receivables and includes customary events of default,

Upon the occurrence of an event of default under the Receivables Agreement, we are required to pay the third-party funder 100% of future receivables equal to the entire purchased amount. While the Receivables Agreement is in place, we are prohibited from selling any other receivables. As a result, if an event of default occurs under the Receivables Agreement, 100% of our sales revenue would be required to be paid until such time as the amount owed under the Receivables Agreement is paid in full. If this were to occur, our cash flows would be adversely affected and we may not have sufficient liquidity to pay our debt obligations and expenses, may be forced to raise additional funds which may not be available on favorable terms, if at all, and may be forced to curtail certain of our business activities, any of which may cause the value of our securities to decline in value.

Risks Relating to our Securities:

We are not currently in compliance with Nasdaq's continued listing standards and may not be able to maintain the listing of our common stock on the Nasdaq Capital Market.

Our common stock was approved for listing on The Nasdaq Capital Market under the symbol "MEDS", in February 2020. On July 29, 2022 May 23, 2024, the Company received a letter notice (the "Notice") from The the Nasdaq Stock Market LLC ("Nasdaq") notifying us listing Qualifications Department indicating that we are the Company was not in compliance compliant with the minimum stockholders' equity timely filing requirement for continued listing on the Nasdaq Capital Market, under Nasdaq Listing Rule 5550(b)5250(c)(1) (the "Listing Rule"), which requires listed companies listed to timely file all required periodic reports with the SEC.

The Notice had no immediate effect on the Nasdaq Capital Market to maintain stockholders' equity listing or trading of at least \$2,500,000. In the Company's Quarterly Report on Form 10-Q for common stock. The Notice indicated that the quarter ended September 30, 2022 Company must, no later than July 22, 2024, we reported stockholders' equity of \$1,356,578, which is below the minimum stockholders' equity required for continued listing pursuant to Nasdaq Listing Rule 5550(b)(1) (the "Rule"). Nasdaq gave us until September 12, 2022 to submit to Nasdaq a plan to regain compliance and we submitted with respect to the filing requirement. However, as a result of filing this Form 10-Q, the Company believes it has fully regained compliance plan prior to that deadline, with the Nasdaq Listing Rule.

We submitted the plan to regain compliance in a timely manner, and on October 17, 2022, Nasdaq advised the Company that it has determined to grant the Company an extension to regain compliance with the Rule.

The terms of the extension are as follows: on or before January 25, 2023, the Company must complete certain contemplated transactions which the Company has advised Nasdaq will allow it to re-meet the requirements of the Rule (including the public sale of \$1.75 million of common stock (or pre-funded warrants), which transaction was completed on October 7, 2022), and opt for one of the two following alternatives to evidence compliance with the Rule: *Alternative 1*, completion of a transaction or event that enabled the Company to satisfy the stockholders' equity requirement for continued listing, and disclosure of that event, along with certain other information, in a public filing with the SEC, including that as of the date of the report, the Company believes it has regained compliance with the stockholders' equity requirement and a disclosure stating that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement; or *Alternative 2*, completion of a transaction or event that enabled the Company to satisfy the stockholders' equity requirement for continued listing, and disclosure of that event, along with certain other information, in a public filing with the SEC, including pro forma adjustments and a pro forma balance sheet must evidence compliance with the Rule, and disclosure that the Company believes it has regained compliance with the stockholders' equity requirement and a disclosure stating that Nasdaq will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement. Additionally, in either case the Company is required to disclose that if at the time of its next periodic report, the Company does not evidence compliance, that it may be subject to delisting.

Regardless of which alternative the Company chooses, if the Company fails to evidence compliance upon filing its next periodic report with the SEC and Nasdaq, the Company may be subject to delisting. In the event the Company does not satisfy these terms, Nasdaq will provide written notification that its securities will be delisted. At that time, the Company may appeal Nasdaq's determination to a Hearings Panel.

There is also no guarantee that we will be able to maintain our listing on The Nasdaq Capital Market for any period of time by perpetually satisfying Nasdaq's continued listing requirements. Our failure to continue to meet these requirements may result in our securities being delisted from Nasdaq.

Among the conditions required for continued listing on The Nasdaq Capital Market, Nasdaq requires us to maintain at least \$2.5 million in stockholders' equity or \$500,000 in net income over the prior two years or two of the prior three years. As discussed above of June 30, 2022, September 30, 2022 and December 31, 2022, our stockholders' equity was below \$2.5 million and we did not otherwise meet the net income requirements described above, and as such, we are not currently in compliance with Nasdaq's continue listing standards. If we fail to timely remedy our compliance with the applicable requirements, our stock may be delisted.

Additional requirements we must meet to continue our listing on The Nasdaq Capital Market include the requirement that we maintain a stock price over \$1.00 per share.

Even if we demonstrate compliance with the requirements of Nasdaq, we will have to continue to meet other objective and subjective listing requirements to continue to be listed on The Nasdaq Capital Market. Delisting from The Nasdaq Capital Market could make trading our common stock more difficult for investors, potentially leading to declines in our share price and liquidity. Without a Nasdaq Capital Market listing, stockholders may have a difficult time getting a quote for the sale or purchase of our stock, the sale or purchase of our stock would likely be made more difficult, and the trading volume and liquidity of our stock could decline. Delisting from The Nasdaq Capital Market could also result in negative publicity and could also make it more difficult for us to raise additional capital. The absence of such a listing may adversely affect the acceptance of our common stock as currency or the value accorded by other parties. Further, if we are delisted, we would also incur additional costs under state blue sky laws in connection with any sales of our securities. These requirements could severely limit the market liquidity of our common stock and the ability of our stockholders to sell our common stock in the secondary market. If our common stock is delisted by Nasdaq, our common stock may be eligible to trade on an over-the-counter quotation system, such as the OTCQB Market or the OTC Pink market, where an investor may find it more difficult to sell our stock or obtain accurate quotations as to the market value of our common stock. In the event our common stock is delisted from The Nasdaq Capital Market, we may not be able to list our common stock on another national securities exchange or obtain quotation on an over-the-counter quotation system.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

On January 6, 2023, an investor exercised 601,740 “pre-funded warrants” for an aggregate purchase price of \$6.02 As previously disclosed and was issued 601,740 shares of common stock on that date. The terms of these warrants were previously described in our Current Report on Form 8-K dated October 4, 2022.

In the first quarter of 2023, we issued 50,000 shares of common stock to White Lion Capital, LLC as the “commitment shares” pursuant to the terms of a Common Stock Purchase Agreement dated September 7, 2022, as described in our Current Report on Form 8-K dated September 7, 2022.

Under the terms of the Merger Agreement, at the closing of the Merger (the “Closing”), shareholders of Superlatus received in aggregate 136,441 shares of common stock of the Company, representing 19.9% of the total issued and outstanding common stock of the Company after the consummation of the Merger and 306,855 shares of Company’s Series B Preferred Stock, par value \$0.00001 per share (the “Series B Preferred Stock”), with a conversion ratio of 100 to one. Not all of the closing conditions of the Merger Agreement were met. As a result, the Company entered into Amendment No. 1 to the Amended and Restated Agreement and Plan of Merger (the “Amendment”) on January 8, 2024. Under the terms of the Amendment, the merger consideration to the shareholders of Superlatus was adjusted to the aggregate of 136,441 shares of common stock of the Company and 15,759 shares of Company’s Series B Preferred Stock. At Closing, the value of the common stock was \$7.30 per share, resulting in a total value of \$12,500,089. Additionally, the shareholders of Superlatus agreed to surrender back to the Company 291,096 shares of the Company’s Series B Preferred Stock. As described elsewhere in this Quarterly Report, in March 2024 the Company divested of its interest in Superlatus.

During the three months ended March 31, 2024, the Company issued 470,482 shares of common stock for services. The fair value of shares issued for services were \$4,450,919. Such issuances were made in reliance on the exemptions from registration pursuant to Section 4(a)(2) of the Securities Act.

In each case, the issuance did not involve a public offering and was made without general solicitation or general advertising, and the recipient of the shares was an accredited investor.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company repurchased no shares of common stock during the first two quarters quarter of 2023, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

(a) During the quarter ended September 30, 2023 March 31, 2024, there was no information required to be disclosed in a report on Form 8-K which was not disclosed in a report on Form 8-K.

(b) During the quarter ended September 30, 2023 March 31, 2024, there were no material changes to the procedures by which stockholders may recommend nominees to our board of directors.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1	Amendment No. 1 to the Amended and Restated Agreement and Plan of Merger by and between the Company, Superlatus Inc. and Foods Merger Sub Inc., dated January 8, 2024 (incorporated by reference from Exhibit 10.1 to the Form 8-K filed by TRxADE Health, Inc. on January 11, 2024).
31.1 10.2	Asset Purchase Agreement between Trxade, Inc., Micro Merchant Systems, Inc. and TRxADE Health, Inc. (for the limited purposes identified therein), dated February 16, 2024 (incorporated by reference from Exhibit 2.1 to the Form 8-K filed by TRxADE Health, Inc. on February 16, 2024).
10.3	Subscription Agreement, dated February 29, 2024 between Trxade, Inc. and Lafayette Energy Corp. (incorporated by reference from Exhibit 10.1 to the Form 8-K filed by TRxADE Health, Inc. on March 6, 2024).
10.4	Stock Purchase Agreement, dated March 5, 2024 between TRxADE Health, Inc. and Superlatus Foods Inc. (incorporated by reference from Exhibit 10.2 to the Form 8-K filed by TRxADE Health, Inc. on March 6, 2024).
31.1*	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 31.2*	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

† Certain information has been redacted pursuant to Item 601(a)(6) of Regulation S-K, as the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy.

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.

TRxADE HEALTH, INC.

By: /s/ Suren Ajjarapu
Suren Ajjarapu
Chief Executive Officer
(Principal Executive Officer)

Date: January 16, 2024 June 26, 2024

By: /s/ Prashant Patel
Prashant Patel
Interim Chief Financial Officer
(Principal Accounting/Financial Officer)

Date: January 16, 2024 June 26, 2024

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Exhibit 31.1

31.1 Certification of Chief Executive Officer

I, Suren Ajjarapu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TRxADE HEALTH, INC. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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.

Date: January 16, 2024 June 26, 2024

/s/ Suren Ajjarapu
Suren Ajjarapu
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer

I, Prashant Patel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TRxADE HEALTH, INC. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer 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.

Date: **January 16, 2024** **June 26, 2024**

/s/ Prashant Patel

Prashant Patel
Chief Financial Officer (Principal Accounting/Financial Officer)

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

I, Suren Ajarapu, Chief Executive Officer of TRxADE HEALTH, INC. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (i) The Quarterly Report on Form 10-Q of TRxADE HEALTH, INC. for the quarter ended **September 30, 2023** **March 31, 2024** (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: **January 16, 2024** **June 26, 2024**

/s/ SUREN AJJARAPU

Suren Ajarapu
Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

I, Prashant Patel, Chief Financial Officer of TRxADE HEALTH, INC. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (i) The Quarterly Report on Form 10-Q of TRxADE HEALTH, INC. for the quarter ended **September 30, 2023** **March 31, 2024** (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: **January 16, 2024** **June 26, 2024**

/s/ Prashant Patel

Prashant Patel

Chief Financial Officer (Principal Accounting/Financial Officer)

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