

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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

or

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

For the transition period from to

Commission File Number 001-41768

TRON INC.

(Exact name of registrant as specified in charter)

Nevada	32-0686534
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
941 W. Morse Blvd. Suite 100 Winter Park, FL	32789
(Address of principal executive offices)	(Zip Code)
(407) 230-8100	
(Registrant's telephone number, including area code)	

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, \$.0001 par value per share	TRON	Nasdaq

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. X YES NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be 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). X 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		Accelerated filer	
Non-accelerated filer	X	Smaller reporting company	X
		Emerging growth company	X

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 X NO

As of August 7, 2026, there were 474,382,064 shares of the registrant's common stock outstanding.

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PART I - FINANCIAL INFORMATION

This Quarterly Report on Form 10-Q includes the consolidated accounts of Tron Inc. (formerly SRM Entertainment, Inc.), a Nevada corporation and its subsidiaries. References in this Report to "we", "our", "us" or the "Company" refer to Tron Inc. unless the context dictates otherwise.

FORWARD LOOKING STATEMENTS

Certain statements in this report, including information incorporated by reference, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements reflect current views about future events and financial performance based on certain assumptions. They include opinions, forecasts, intentions, plans, goals, projections, guidance, expectations, beliefs or other statements that are not statements of historical fact. Words such as "will," "may," "should," "could," "would," "expects," "plans," "believes," "anticipates," "intends," "estimates," "approximates," "predicts," "forecasts," "potential," "continue," or "projects," or the negative or other variation of such words, and similar expressions may identify a statement as a forward-looking statement. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, our goals, strategies, focus and plans, and other characterizations of future events or circumstances, including statements expressing general optimism about future operating results and the development of our products, are forward-looking statements.

Although forward-looking statements in this Quarterly Report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risk Factors" below, as well as those discussed elsewhere in this Quarterly Report on Form 10-Q. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We file reports with the Securities and Exchange Commission ("SEC"). The public can read and copy any materials we file with the SEC at the SEC's website (www.sec.gov) which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report on Form 10-Q. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this Quarterly Report on Form 10-Q, which attempts to advise interested parties of the risks and factors that may affect our businesses, financial condition, results of operations and prospects.

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Item 1. Financial Statements

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Tron Inc. Consolidated Balance Sheets As of June 30, 2026 and December 31, 2025

	June 30, 2026	December 31, 2025
	(Unaudited)	(Audited)
Assets		
Cash	\$ 9,495,598	\$ 10,455,360
Account receivable	1,047,995	671,779
Inventory	478,867	704,171
Prepaid expenses and deposits	446,282	511,615
Prepayment for Digital Asset Purchases, due from an Affiliate	10,050,000	-
Other current assets	88,380	67,340

Total current assets		21,607,122		12,410,265
Investment in Digital Assets– held in Treasury Wallet set up by an Affiliate		233,784,910		198,078,155
Investment in Gameverse Interactive Corp		190,500		190,500
Right of Use asset (ROU)		572,076		682,286
Fixed assets, net of depreciation		45,737		71,877
Total assets	\$	256,200,345	\$	211,433,083
Liabilities				
Accounts Payable	\$	153,183	\$	142,866
Accrued and other liabilities		404,120		289,676
Current portion of ROU liability		231,257		220,206
Total Current Liabilities		788,560		652,748
Deferred tax liability		2,253,384		
ROU liability		345,869		464,100
Total Liabilities		3,387,813		1,116,848
Shareholders' Equity				
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized				
Preferred Stock Series A, no shares outstanding		-		-
Preferred Stock Series B, no shares outstanding at June 30, 2026 and 100,000 shares outstanding at December 31, 2025		-		10
Common stock, \$0.0001 par value, 1,000,000,000 shares authorized, 474,382,064 and 261,314,913 issued and outstanding at June 30, 2026 and December 31, 2025, respectively		47,439		26,132
Additional paid-in capital		250,455,304		232,476,601
Accumulated earnings (deficit)		1,987,789		(22,508,508)
Common Stock Payable		322,000		18,322,000
Subscription Receivable		-		(18,000,000)
Total Shareholders' Equity		252,812,532		210,316,235
Total Liabilities and Shareholders' Equity	\$	256,200,345	\$	211,433,083

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

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Tron Inc.
Consolidated Statements of Operations
For the Three and Six Months ended June 30, 2026 and 2025
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue				
Sales	\$ 1,568,626	\$ 1,342,929	\$ 2,753,301	\$ 2,432,563
Cost of Sales	1,277,979	1,050,726	2,144,413	1,873,825
Gross profit	290,647	292,203	608,888	558,738
Operating expense				
General and administrative expenses	826,423	1,036,406	1,741,335	1,950,316
Total operating expenses	826,423	1,036,406	1,741,335	1,950,316
Operating loss	(535,776)	(744,203)	(1,132,447)	(1,391,578)
Other income / (expense)				
Unrealized gain on digital asset investment	444,149	2,154,071	21,105,331	2,154,071
Unrealized Income from staking activities	3,348,398	44,769	6,332,428	44,769
Realized gain on digital assets	318,996	-	318,996	-
Interest income	67,194	19,030	149,986	25,325
Interest expense	(11,498)	(5,812)	(24,613)	(11,318)
Total other income (expense)	4,167,239	2,212,058	27,882,128	2,212,847
Net income before income taxes	\$ 3,631,463	\$ 1,467,855	\$ 26,749,681	\$ 821,269
Provision for income tax				
Current	-	-	-	-
Deferred	763,607	-	2,253,384	-
Net Income	\$ 2,867,856	\$ 1,467,855	\$ 24,496,297	\$ 821,269
Net (loss) per share:				
Basic	\$ 0.01	\$ 0.07	\$ 0.07	\$ 0.04
Fully diluted	\$ 0.01	\$ 0.01	\$ 0.07	\$ 0.00
Weighted average number of shares				
Basic	470,236,460	21,574,059	372,974,605	19,413,035
Fully diluted	472,054,080	224,099,059	374,792,225	221,938,035

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

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Tron Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Three and Six Months ended June 30, 2026 and 2025
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Common Stock Payable	Additional Paid-In Capital	Accumulated Deficits	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance December 31, 2024		\$ -	-	\$ -	15,956,477	\$ 1,596	\$ 790,998	\$ 10,195,598	\$ (5,697,241)	\$ 5,290,951
Exercise of Pre Funded warrants					712,133	71	(452,748)	452,748	-	71
Common stock issued for investment in Gameverse					500,000	50	-	190,450	-	190,500
Stock issued for services					75,000	8	(16,250)	44,387	-	28,145
Fair value of Options granted to Directors								119,635	-	119,635
Net loss three months ended 03/31/25									(646,586)	(646,586)
Balance, March 31, 2025		-	-	-	17,243,610	1,725	322,000	11,002,818	(6,343,827)	4,982,716
Series A Preferred stock issued in private placement	5,000	-						4,591,392		4,591,392
Series A Preferred stock conversion into common stock	(5,000)	-			9,518,571	952				952
Series B preferred shares issued for fair value of tokens received in private placement			100,000	10				99,674,990		99,675,000
Exercise of options					645,000	64		343,943		344,007
Exercise of cashless warrants					18,802	2		(2)		-
Fair value of Options granted to Directors								341,186		341,186
Waiver of interest on related party Note								41,877		41,877
Net income three months ended 06/30/25	-	-	-	-	-	-	-	-	1,467,855	1,467,855
Balance, June 30, 2025	-	\$ -	100,000	\$ 10	27,425,983	\$ 2,743	\$ 322,000	\$ 115,996,204	\$ (4,875,972)	\$ 111,444,985

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	Series B Preferred Stock		Common Stock		Common Stock Payable	Subscription Receivable	Additional Paid-In Capital	Accumulated Deficits	Total
	Shares	Amount	Shares	Amount					
Balance, December 31, 2025	100,000	\$ 10	261,314,913	\$ 26,132	\$ 18,322,000	\$ (18,000,000)	\$ 232,476,601	\$ (22,508,508)	\$ 210,316,235
Issuance of Black Anthem common stock, a related party	-	-	13,067,151	1,307	(18,000,000)	18,000,000	17,998,693	-	18,000,000
Net income for the Three Months ended March 31, 2026								21,628,441	21,628,441
Balance, March 31, 2026	100,000	\$ 10	274,382,064	\$ 27,439	\$ 322,000	\$ -	\$ 250,475,294	\$ (880,067)	\$ 249,944,676
Issuance for the Bravemorning Ltd conversion of Series B Preferred stock into common stock, a related party	(100,000)	(10)	200,000,000	20,000	-	-	(19,990)	-	-
Net income for the Three Months ended June 30, 2026	-	-	-	-	-	-	-	2,867,856	2,867,856
Balance, June 30, 2026	-	\$ -	474,382,064	\$ 47,439	\$ 322,000	\$ -	\$ 250,455,304	\$ 1,987,789	\$ 252,812,532

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

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Tron Inc.
Consolidated Statement of Cash Flows
For the Six Months ended June 30, 2026 and 2025
(Unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net Income (loss)	\$ 24,496,297	\$ 821,269
Adjustment to reconcile net loss to operating activities		
Unrealized gain on digital asset investment	(21,105,331)	(2,154,071)
Unrealized income from staking activities	(6,332,428)	(44,769)
Realized gain on digital assets	(318,996)	
Common stock issued for services	-	28,145
Fair value of Officer, Director and Employee options	-	460,821
Depreciation and amortization	39,200	142,643

Changes in operating assets and liabilities:		
Accounts receivable	(376,216)	157,145
Inventory	225,304	51,866
Prepaid expenses	65,333	170,077
Accounts payable	10,317	159,948
Accrued expenses	114,444	117,153
Other assets	(31,070)	(75,880)
Deferred tax liability	2,253,384	-
Net cash provided by (used in) operating activities	(959,762)	(165,653)
Cash flows from investing activities	-	-
Financing activities:		
Private placement	-	4,592,344
Payment on promissory note	-	(500,000)
Expenses related to sale of preferred stock	-	(325,000)
Exercise of pre-funded warrants	-	71
Exercise of stock options	-	344,007
Cash (used in) financing activities	-	4,111,422
Net increase (decrease) in cash and cash equivalents	(959,762)	3,945,769
Cash and cash equivalents at the beginning of the period	10,455,360	1,352,373
Cash and cash equivalents at the end of the period	\$ 9,495,598	\$ 5,298,142
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
NON CASH INFORMATION		
Stock issued for Gameverse shares	\$ -	\$ 190,500
Stock issued from Stock Payable – prefunded warrants	\$ -	\$ 452,748
Waiver of accrued interest on related party note	\$ -	\$ 41,877
Stock issued from Stock Payable	\$ 18,000,000	\$ 16,250
Cashless exercise of warrants	\$ -	\$ 2
Fair value of preferred shares issued for digital assets	\$ -	\$ 100,000,000
TRX Tokens purchased with stablecoins	\$ 7,950,000	\$ -
Conversion of Series B Preferred Stock into common stock, a related party	\$ 20,000	\$ -

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

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Tron Inc.
Notes to Financial Statements
For the Three and Six Months June 30, 2026 and 2025
(Unaudited)

Note 1 - Organization and Business Operations

Tron Inc. (formerly SRM Entertainment, Inc.) is a Nevada corporation, listed and traded on NASDAQ, headquartered in Florida and was incorporated on April 22, 2022. SRM Entertainment Limited ("SRM Ltd"), a wholly-owned subsidiary, is a limited company incorporated in Hong Kong, on January 23, 1981. The consolidated Tron Inc. and SRM Ltd are collectively referred to as the Company.

The Company's holding of TRON tokens ("TRX") constitutes the largest public ownership of TRX tokens. Through SRM Ltd, our wholly owned subsidiary, the Company designs, develops, and manufactures custommerchandise which includes toys and souvenirs for the world's largest theme parks and other entertainment venues.

Note 2 - Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of US Securities and Exchange Commission ("SEC").

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Recent Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, enhancing segment reporting requirements under ASC 280. This ASU aims to provide investors with more detailed information about a public entity's reportable segments, including those with a single reportable segment. The Key Provisions include:

1. **Enhanced Expense Disclosures:** Public entities must now disclose significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included in each reported measure of segment profit or loss.
3. **Disclosure of Other Segment Items:** Entities are required to disclose an amount for "other segment items" by reportable segment, representing the difference between reported segment revenues and the sum of significant segment expenses and the reported measure of segment profit or loss. A qualitative description of the composition of these other segment items is also required. **Interim Reporting Requirements:** All annual disclosures about a reportable segment's profit or loss and assets, including the new disclosures introduced by ASU 2023-07, must now be provided in interim periods as well.
4. **Single Reportable Segment Entities:** Public entities with a single reportable segment are explicitly required to provide all segment disclosures mandated by ASC 280, including those introduced by ASU 2023-07. This clarification ensures that users receive comprehensive information about the entity's operations and performance.
5. **Disclosure of CODM Information:** Entities must disclose the title and position of the CODM and explain how the CODM uses the reported measure(s) of segment profit or loss in assessing performance and allocating resources.

These amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. The Company adopted the ASU for the year ended December 31, 2024.

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Accounting for Crypto Assets

In December 2023, the FASB issued ASU 2023-08, Accounting for and Disclosure of Crypto Assets, which establishes accounting guidance for crypto assets meeting certain criteria. The Company holds crypto assets that meet the scope criteria of ASU 2023-08. The pronouncement requires crypto assets which meet the criteria to be recognized at fair value with changes recognized in net income each reporting period. ASU 2023-08 is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. The Company adopted ASU 2023-08, effective January 1, 2025.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all short-term investments with a maturity of three months or less when purchased to be cash and equivalents for purposes of the statement of cash flows. There were no cash equivalents as of June 30, 2026 and December 31, 2025.

Accounts Receivable and Credit Risk

Accounts receivable are generated from sales of the Company's products. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. For the six months ended June 30, 2026 and year ended December 31, 2025, the Company did not recognize any allowance for doubtful collections.

Inventory

Inventories will be stated at the lower of cost or market. The Company will periodically review the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. Write-downs and write-offs are charged to cost of goods sold. Inventory is based upon the average cost method of accounting.

Investments in Non-Marketable Equity Securities

Investments in non-marketable equity investments, including private company investments acquired through private placements, are accounted for using the alternative measurement under ASC 321. Under this method, investments are carried at cost, less any impairment, and adjusted for observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company assesses non-marketable equity investments for impairment when events or changes in circumstances indicate that the investment may be impaired. If the fair value of the investment is less than its carrying amount, an impairment loss is recognized in earnings.

Digital Assets Held in Treasury Wallet Set Up by an Affiliate – Treasury Holdings

Our Digital Assets consist of TRON tokens ("TRX") and staked TRON tokens (sTRX), as part of its treasury strategy, that meet the scope requirements of ASU 2023-08, Accounting for and Disclosure of Crypto Assets. The Company accounts for these assets at fair value in accordance with ASC 350-60 and ASC 820, with changes in fair value recognized in net income.

Digital Assets are classified as current or noncurrent in the consolidated balance sheet under ASC-210, based on the Company's intended holding period and liquidity considerations. Assets expected to be sold or used within one year from the reporting date are classified as current assets. Treasury assets not intended to be sold or converted to cash within the operating cycle are classified as noncurrent assets.

Crypto assets are not offset against any related liabilities and are presented on a gross basis in the balance sheet, consistent with ASC 210-20, unless a legal right of setoff exists and settlement is intended to occur on a net basis.

Crypto assets that are subject to restrictions on transfer, such as assets locked in staking arrangements are separately disclosed.

The Company determines the fair value of crypto assets under ASC 820 by means of a derived price using a combination of observable inputs: (i) level 1 input (quoted prices from active markets) is used for our TRX tokens and (ii) level 2 input (verifiable on-chain data and exchange rates) is used for our sTRX tokens, at the balance sheet date.

Gains and losses resulting from changes in fair value are included in Other Income (Loss), net in the statement of operations.

The Company discloses the composition of crypto assets, including fair value by major type of token, as well as the location on the balance sheet and significant changes during

the reporting period, in accordance with the disclosure requirements of ASU 2023-08.

Future sales or exchanges of coins will be accounted for on a first in first out basis (FIFO).

Fixed Assets and Other Assets

Fixed assets are stated at cost at the date of purchase. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term.

The Company purchases molds for the manufacture of some of its products and are included in fixed assets at cost. Certain agreements call for the manufacturer to reimburse the Company for the cost of the molds upon first shipment of products produced using the molds. The costs of these molds are removed from fixed assets upon reimbursement. Molds that are not subject to reimbursement are depreciated when the products are in production.

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Net Loss Per Share of Common Stock

Net income (loss) per share of Common Stock is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of Common Stock outstanding during the period. If applicable, diluted earnings per share assume the conversion, exercise or issuance of all Common Stock instruments such as options, warrants, convertible securities and preferred stock, unless the effect is to reduce a loss or increase earnings per share. As such, options, warrants, convertible securities, and preferred stock are not considered in the calculations for the fully diluted shares.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss)	\$ 2,867,856	\$ 1,467,855	\$ 24,496,297	\$ 821,269
Denominator:				
Denominator for basic earnings per share - Weighted-average of shares of Common Stock issued and outstanding during the period	470,236,460	21,574,059	372,974,605	19,413,035
Denominator for diluted earnings per share	472,054,080	224,099,059	374,792,225	221,938,035
Net income (loss) per share				
Basic	\$ 0.01	\$ 0.07	\$ 0.07	\$ 0.04
Diluted	\$ 0.01	\$ 0.01	\$ 0.07	\$ 0.00

Revenue Recognition

SRM Ltd will generate its revenue from the sale of its products directly to the end user (the "customer").

The Company recognizes revenues by applying the following steps in accordance with FASB Accounting Standards Codification 606 "Revenue from Contracts with Customers" ("ASC 606"). Under ASC 606, revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognize revenue as the performance obligation is satisfied.

The Company's performance obligations are satisfied when goods or products are shipped on a FOB shipping point basis as title passes when shipped. Our products are generally paid in advance of shipment or standard net 30 days and we offer no specific right of return, refund or warranty related to our products except for cases of defective products of which there have been none to date.

TRX Staking

The Company engages primarily in liquid staking activities with JustLend DAO ("JustLend"), whereby it stakes its digital assets (TRX tokens) in the JustLend protocol to support network operations and, in return, accrues network rewards. The Company received Staked TRX tokens ("sTRX") in return for staking TRX. sTRX represents a tokenized version of TRX. These activities do not involve a contract with a customer and therefore are outside the scope of ASC 606, Revenue from Contracts with Customers.

Users can obtain sTRX tokens by staking TRX tokens on JustLend. The sTRX token is not fixed at a 1:1 conversion ratio with the TRX token; instead, the number of TRX tokens which can be exchanged from one sTRX token increases over time as rewards accumulate in the overall pool of staked tokens. As the voting rewards and energy rent accrue, the conversion ratio of the TRX token to the sTRX token increases gradually, so that the number of TRX tokens which can be obtained by users by unstaking and swapping from sTRX tokens back to TRX tokens increases accordingly. By holding sTRX tokens, the Company is able to accrue enhanced yields from both standard TRX staking and energy rental. For the avoidance of doubt, the sTRX token does not generate discrete staking rewards. Instead, the economic benefit of staking is reflected through a floating conversion rate between TRX and sTRX, which increases over time based on accrued protocol rewards.

The Company accounts for sTRX as a digital asset and measures it at fair value, with changes in fair value recognized in the statement of operations as unrealized gains or losses. Any increase in estimated value attributable to staking activity is considered an estimate of unrealized staking income recorded at fair value.

Foreign Currency Translation

Assets and liabilities in foreign currencies are translated using the exchange rate at the balance sheet date, while revenue and expense accounts are translated at the average exchange rates prevailing during the period. Equity accounts are translated at historical exchange rates. Gains and losses from foreign currency transactions and translation for the six months ended June 30, 2026 and year ended December 31, 2025, and the cumulative translation gains and losses as of June 30, 2026 and December 31, 2025 were not material.

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Stock Based Compensation

The Company recognizes compensation costs to employees under FASB Accounting Standards Codification 718 "Compensation - Stock Compensation" ("ASC 718"). Under ASC 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options and warrants. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

The Company has adopted ASU No. 2018-07 "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." These amendments expand the scope of Topic 718, Compensation - Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to non-employees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned.

Income Taxes

The Company accounts for income taxes under ASC 740 Income Taxes ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position. The Company's policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense.

The Company's deferred tax liability at June 30, 2026, consists of unrealized market gains and income produced by the Company's Digital Assets, offset by operating loss carry forwards calculated using effective tax rates (21.0%) equating to approximately \$2,253,384. The Company's deferred tax asset at December 31, 2025 consists of net operating loss carry forwards calculated using effective tax rates (20.1%) equating to approximately \$3,253,925, less a valuation allowance in the amount of approximately \$3,253,925. Because of the Company's lack of earnings history, the deferred tax asset was fully offset by a valuation allowance in the year ended December 31, 2025.

Segment Reporting

The Chief Operating Decision Maker (CODM) (our CEO, Richard Miller) reviews the financial performance of the company on a consolidated basis and makes decisions regarding resource allocation at that level. The CODM has determined that all of the revenue, costs and expenses are attributable to the Company's principal business with the exception of certain general and administrative expenses related to being a public company. As a result, the company has determined that it operates two operating segments in accordance with Accounting Standards Codification (ASC) 280, *Segment Reporting*. The Company's businesses are (i) the design, manufacture, and sale of toys to premier theme parks. Revenues from external customers are derived from e-commerce, distributors, and direct to retail consumers and (ii) a Digital Asset Treasury Strategy using TRX tokens.

Related parties

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the related parties include a. affiliates of the Company; b. entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; c. trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d. principal owners of the Company; e. management of the Company; f. other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g. other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved; b. a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Note 3 – Inventory

At June 30, 2026, and December 31, 2025, the Company had inventory consisting of finished goods of \$478,867 and \$704,171, respectively.

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Note 4 - Accounts Receivable

At June 30, 2026, and December 31, 2025, the Company had accounts receivable of \$1,047,995 and \$671,779, respectively.

Note 5 – Prepaid Expenses

The balance of prepaid expenses at June 30, 2026, was \$446,282 consisting of deposits on orders of \$112,909, prepaid insurance of \$43,015, other prepaid expenses of \$188,023 and security deposits of \$102,335. At December 31, 2025, the Company had a total of \$511,615 in prepaid expenses, consisting of deposits on orders of \$156,365, prepaid insurance of \$152,470, other expenses of \$100,445 and security deposits of \$102,335.

Note 6 - Investment in digital assets – held in Treasury Wallet set up by an Affiliate

On June 16, 2025, the Company entered into a Securities Purchase Agreement with Bravemorning Limited, a related party ("Bravemorning") for 100,000 shares of its Series B Convertible Preferred Stock par value \$0.0001 per share, convertible into 200,000,000 shares of common stock and warrants with an exercise price of \$0.50 per share, in exchange for

\$100,000,000 in digital assets consisting of TRX tokens. On June 28, 2025, the Company received 365,096,845 TRX tokens as per the Securities Purchase Agreement. On August 27, 2025, Bravemorning exercised the warrants for \$110,000,000 in digital assets consisting of 312,500,100 TRX tokens. At December 31, 2025, the 677,596,800 tokens (out of the 677,596,945 TRX tokens received in the transactions) have been staked, through JustLend, in return for approximately 549,676,892 sTRX, a liquid staking token, which represents a tokenized version of TRX.

On January 8, 2026, the Company issued 13,067,151 shares of its common stock in connection with a Securities Purchase Agreement with Black Anthem Limited ("Black Anthem"), a related party, for \$18,000,000, paid in the form of USDT (Tether) stablecoins (the "Stablecoins") transferred to the Company's Treasury Wallet. Additionally, the Company entered into a token sale and purchase agreement ("BGDL Token S&P Agreement") with BiT Global Digital Limited ("BGDL"), a British Virgin Islands Business Company, dated January 6, 2026, under which the Company transferred the Stablecoins to BGDL to purchase \$18,000,000 worth of TRX tokens from BGDL using a dollar-cost averaging mechanism over a 360-day period commencing January 22, 2026, as follows:

- (a) BGDL shall deliver \$50,000 USDT worth of TRX tokens to the Company's designated wallet address on a daily basis, starting on January 22, 2026, for a period of consecutive 360 days.
- (b) The price and number of TRX tokens to be delivered each day pursuant to paragraph (a) above shall be reasonably determined with reference to the market price of TRX token on a global cryptocurrency trading platform on that day. Upon request from time to time, BGDL shall provide the Company with (i) breakdown of the price and number of TRX tokens delivered by BGDL to the Company, and (ii) supporting documentation explaining how the price and number of TRX tokens delivered were determined.
- (c) The above arrangement can be adjusted by the Company at its sole reasonable discretion.

Additionally, the Company publishes daily updates regarding its TRX treasury acquisitions in connection with the BGDL Token S&P Agreement through its public communications channels and provides a link to the designated on-chain treasury wallet for real-time verification.

During the six months ended June 30, 2026, the Company purchased approximately 25,350,215 TRX tokens with an aggregate price of \$7,950,000 under the BGDL Token S&P Agreement.

The initial \$18,000,000 was recorded as a prepayment for Digital Asset purchases. At June 30, 2026, the balance of the prepayment was \$10,050,000.

The following table presents the roll-forward of the fair value of our digital assets for the six months ended June 30, 2026, and year ended December 31, 2025, based on the fair value model under ASU-2023-08:

	Fair Value	
	TRX	sTRX
Balance, December 31, 2024	\$ -	\$ -
Preferred stock sale paid with TRX tokens	100,000,000	-
Warrant exercise paid with TRX tokens	110,000,000	-
Staking Transactions	(207,864,661)	207,864,661
Unrealized income from staking TRX	-	5,437,403
Unrealized change in fair value	-	(15,223,891)
Realized (loss) from TRX to sTRX conversion	(2,135,357)	-
Other income (loss)	25	(25)
Balance, December 31, 2025	\$ 7	\$ 198,078,148
Purchase of TRX tokens using USDT Stablecoins	7,950,000	-
Unrealized gain (loss) in fair value	(243,071)	21,348,402
Staking transactions	(3,973,988)	3,973,988
Realized gain from TRX to sTRX conversion	318,996	-
Unrealized income from staking TRX	-	6,332,428
Other income (loss)	(7)	7
Balance, June 30, 2026	\$ 4,051,937	\$ 229,732,973

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The following table presents the Company's Digital Asset holdings as of June 30, 2026, and December 31, 2025:

June 30, 2026	Quantity	Cost Basis	Fair Value
TRX tokens	12,863,291	\$ 4,294,867	\$ 4,051,937
sTRX tokens	559,377,041	211,838,649	229,732,973
		\$ 216,133,516	\$ 233,784,910

December 31, 2025	Quantity	Cost Basis	Fair Value
TRX tokens	94	\$ 29	\$ 7
sTRX tokens	549,676,892	207,864,661	198,078,148
		\$ 207,864,690	\$ 198,078,155

As a result of our directors' affiliations, potential conflicts may arise from the following relationships:

- we engaged BiT Global Trust Limited ("BGTL"), a licensed Trust or Company Service Provider and registered trust company in Hong Kong, to set up and be the custodian of the Treasury Wallet. One of our directors, Mr. Zhihong Liu ("Mr. Liu"), is one of the directors of BGTL, and
- some of our directors have certain ties with the TRON blockchain ecosystem. For example, Weike Sun is the father of Justin Sun, the founder of TRON. Mr. Liu has been the senior advisor to Tron DAO since 2021. One of our directors, Mr. Zi Yang holds senior positions for Tronscan, the official blockchain explorer for Tron protocol, and
- currently our TRX tokens are "staked" on JustLend, a decentralized finance (DeFi) protocol, in exchange for sTRX tokens. An sTRX token is a derivative token that represents the "staked" TRX tokens, which can automatically generate yield for the token holders. JustLend, despite being a DeFi protocol, may be considered a related party due to its significant dependency on the TRON ecosystem.
- Justin Sun, the son of Weike Sun, our Chairman, is the control person of Black Anthem Limited which purchased 13,067,151 shares of the Company's common stock as described above.
- The Company chose BGDL to handle the \$18,000,000 transaction described above. BGDL indirectly owns 99% of BGTL. Mr. Liu, a director of the Company, is a director of BGTL, which set up the Treasury Wallet for the Company and provides on-chain monitoring services to the Company. The Company originally considered BGTL to handle the

transaction, BGTL clarified that as a regulated custodian, its business focus is on digital assets custody only, so it recommended BGDL to the Company. Since the Company's plan was to acquire TRX tokens using a dollar-cost averaging mechanism over a period of around one year, the two main factors to consider were (i) liquidity sufficiency and (ii) low transaction cost. Given that BGDL has an account with a global digital asset trading platform with deep liquidity for TRX/USDT trading pair and that after negotiation, BGDL agreed not to charge any transaction fees for the TRX purchase and the delivery mechanism to be solely determined by the Company, the Company chose BGDL as the appropriate counterparty for the TRX purchase.

Note – 7 Fair Value Measurements

The Company measures certain assets and liabilities at fair value. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability (i.e., an 'exit price') in the principal or most advantageous market in an orderly transaction between market participants at the measurement date.

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuations based on inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The Company's digital assets measured at fair value, which include assets held in treasury, deployed in DeFi protocols, and staked in validator operations, are accounted for in accordance with ASC 350-60. Our TRX tokens are valued using quoted prices in active markets for the underlying tokens, primarily on major digital-asset exchanges which represent Level 1 inputs within the fair-value hierarchy and our sTRX (staked TRX tokens) are valued by means of a derived price using a combination of observable inputs including quoted prices from active markets and verifiable on-chain data and exchanges rates which represent Level 2 inputs within the fair-value hierarchy.

The following tables present the Company's digital assets that are measured at fair value on a recurring basis and the Company's estimated level within the fair value hierarchy of those assets as of June 30, 2026, and December 31, 2025. Private equity investments accounted for under the ASC 321 measurement alternative are not measured at fair value on a recurring basis and are presented separately below.

June 30, 2026	Fair Value			
	Balance	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs Level (2)	Significant Unobservable Inputs Level (2)
TRX tokens	\$ 4,051,937	\$ 4,051,937	\$ -	\$ -
sTRX tokens	229,732,973	-	229,732,973	-
Total	\$ 233,784,910	\$ 4,051,937	\$ 229,732,973	\$ -

December 31, 2025				
TRX tokens	\$ 7	\$ 7	\$ -	\$ -
sTRX tokens	198,078,148	-	198,078,148	-
Total	\$ 198,078,155	\$ 7	\$ 198,078,148	\$ -

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Note 8 - Investment in Gameverse Interactive Corp

On January 24, 2025, the Company entered into a Securities Purchase Agreement with Gameverse Interactive Corp, a video game developer ("Gameverse") under the terms of which, the Company exchanged 500,000 shares of its restricted common stock for 132,000 shares of restricted common stock of Gameverse. The fair value of \$190,500 was determined using the closing price of the Company's common stock on the date of the agreement.

Note 9 – Fixed Assets and Other Assets

At June 30, 2026, and December 31, 2025, the Company had fixed assets totaling \$45,737 and \$71,877, net of accumulated depreciation of \$110,823 and \$74,653, respectively, as follows:

	2026	2025
Fixed Asset		
Tooling and Molds	\$ 135,275	\$ 125,245
Computer equipment and software	21,285	21,285
	156,560	146,530
Accumulated depreciation	(110,823)	(74,653)
	\$ 45,737	\$ 71,877

At June 30, 2026, and December 31, 2025, other assets consisting primarily of non-depreciable molds totaling \$88,380 and \$67,340, respectively.

Note 10 – Intangible Assets and Secured Note – Related Party

On September 3, 2024, the Company entered into an Asset Purchase Agreement with Suretone Entertainment, Inc. ("Seller") pursuant to which the Company agreed to acquire the 2019 movie titled "The Kid" (directed by Vincent D'Onofrio and starring Ethan Hawke and Chris Pratt) and certain other assets (the "Assets") related to "The Kid" from the Seller, for an aggregate purchase price of \$2,893,000 (the "Purchase Price").

In consideration for the purchased Assets, the Company paid the Purchase Price which consisted of: (i) payment of \$250,000 in cash on September 3, 2024; (ii) issuance of 1,500,000 restricted shares of the Company's common stock, par value \$0.0001 per share (valued at \$0.762 per share which, was the market per share value of the Company's common stock); and (iii) issuance of a secured promissory note in the original amount of \$1,500,000 (the "Secured Note") to a related party. The Secured Note's term is one year with an interest rate of 8%. On October 21, 2024, the Company paid \$500,000 and on December 13, 2024, the Company paid an additional \$500,000 of the principal balance of the Secured Note leaving a principal balance of \$500,000 at December 31, 2024. On January 2, 2025, the Company paid \$250,000 and on June 14, 2025 paid another \$250,000 which paid off the Note. In addition, the \$41,877 accrued interest on the note was waived in connection with the early pay-off of the Note and recorded as an adjustment to additional paid-in capital.

The Assets were being amortized over a ten-year period. Amortization expense totaled \$289,300 for the year ended December 31, 2025.

As a result of the Company’s expansion into a Digital Assets Strategy in 2025 the Company determined that the movie did not fit into its ongoing operations and decided it was in the best interest of the Company’s shareholder to sell the asset. Consequently, since the asset has little value to the ongoing operations, the asset is considered impaired for accounting purposes and an impairment reserve of \$2,507,267 has been recorded for the year ended December 31, 2025.

Note 11 – Income Tax

The Company accounts for income taxes in accordance with **ASC 740, Income Taxes**. Deferred income taxes are recognized for temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

During the year ended December 31, 2025, the Company underwent a change of control (see Note 6 - Investment in digital assets and Note 12 – Capital Structure). As a result of the change in control, the Company falls under the Internal Revenue Code ("IRC") section 382, which limits the ability to utilize certain NOLs.

At June 30, 2026, the Company had net income before income tax of \$26,749,681 consisting of \$27,756,755 unrealized gains and income and a loss from operations and net interest income of \$1,007,074 along with approximately \$16,164,681 of net operating losses ("NOLs") consisting of unrealized losses from its Digital Assets and operating loss carryforwards, resulting in a deferred tax liability of \$2,253,384.

The following table sets forth the provision for income tax and related tax rate reconciliation for the six months ended June 30, 2026:

	Amount	Rate
Income tax at statutory rate	\$ 5,620,100	21.0%
Benefit of NOL	(3,366,716)	(12.6)%
Income tax expense	\$ 2,253,384	8.4%

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Note 12 - Capital Structure

On June 15, 2025, our Board of Directors approved and recommended the approval by our stockholders of (i) the possible change in control of the Company (as defined by the Nasdaq Stock Market LLC’s Listing Rules) via the issuance to Bravemorning Limited, at a price below the Minimum Price (as defined by the Nasdaq Stock Market LLC’s Listing Rules), of more than 20% of the shares of the Company’s common stock, par value \$0.0001 per share (the "Common Stock") outstanding with Bravemorning being the largest shareholder while holding over 20% of the shares of Common Stock (the "Change of Control and 20% Issuance") in accordance with The Nasdaq Stock Market LLC’s Listing Rule 5635(b) and (d) ("Nasdaq Rule 5635"), in connection with the \$100,000,000 private investment in public equity (the "PIPE Offering") entered into between the Company and Bravemorning pursuant to which the Company issued 100,000 shares of its Series B Convertible Preferred Stock par value \$0.0001 per share (the "Series B Preferred Stock"), convertible into 200,000,000 shares of Common Stock, and warrants (the "PIPE Warrants") to acquire up to 220,000,000 shares of Common Stock, to Bravemorning; and (ii) an amendment to our Articles of Incorporation to increase the total number of authorized shares of common stock from 100,000,000 to 1,000,000,000 (the "Charter Amendment"). On August 27, 2025, Bravemorning (i) exercised its warrants for 312,500,100 TRX tokens valued at \$110,000,000 and (ii) on April 2, 2026, exercised its right to convert the 100,000 shares of Series B Preferred Stock into 200,000,000 of the Company’s common stock.

Certain of our stockholders, holding a majority of our voting power on June 15, 2025, approved the Change of Control, a 20% Issuance and the Charter Amendment by Written Consent.

The required consent of at least a majority of the votes allocated to our voting shares was given for each of the actions listed above.

Under Section 78.320 of the Nevada Revised Statutes, the written consent of stockholders holding a majority of votes outstanding may be substituted for a special meeting of the stockholders. Based on the foregoing and in order to eliminate the costs involved in holding a special meeting, the Board has determined not to call a special meeting of stockholders.

As such, a Schedule 14C Information Statement was mailed on or about July 23, 2025, by the Board of Directors (the "Board") of Tron Inc. to the holders of record of our outstanding Common Stock and our outstanding shares of Series A Convertible Preferred Stock, par value \$0.0001 per share (the "Series A Preferred Stock"), as of the close of business on the Record Date, pursuant to Rule 14c-2 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Charter Amendment is effective August 29, 2025.

Preferred Stock – The Company has 10,000,000 shares of preferred stock, par value \$0.0001 per share, of which 1,000,000 shares are designated as Series A Preferred Stock and 5,000 shares of the Series A Preferred Stock are designated as convertible, and 100,000 shares are designated as Series B Preferred Stock.

As of June 30, 2026 and December 31, 2025, there were no shares of Series A Preferred Stock issued and outstanding; however, during May 2025, the Company entered into a Securities Purchase Agreement (the "May PIPE") under the terms of which, the Company issued 5,000 Series A Preferred shares convertible into 8,928,571 shares of common stock for gross proceeds of \$5,000,000 (\$4,591,392 net of expenses). During June 2025, the 5,000 shares were converted into 8,928,571 shares of the Company’s common stock.

On June 16, 2025, the Company entered into a Securities Purchase Agreement under the terms of which the Company received \$100,000,000 in digital assets and issued 100,000 shares of its Series B Preferred Stock convertible into 200,000,000 shares of common stock and warrants convertible into 220,000,000 shares of the Company’s common stock with an exercise price of \$0.50 per share in return for the issuance of 100,000 Series B Preferred shares. The stated value of the Series B Preferred Stock is \$1,000 per share. The digital assets purchase is described more fully in Note 6 above and the amendment to our Articles of Incorporation described in Item 2 below. In connection with this transaction the Company incurred a total of \$325,000 in legal expense, which has been netted against the \$100,000,000 in additional paid-in-capital.

Holders of the Preferred Stock Shares are entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series B Preferred Stock are convertible on the basis of a conversion price of \$0.50. The Holders shall vote together with the holders of shares of Common Stock as a single class.

Holders shall be entitled to receive, and the Company shall pay dividends on Preferred Stock Shares equal (on an as-if-converted-to-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock.

Upon any liquidation, dissolution or winding-up of the Company, the holders of Preferred Stock Shares have a preference for the distribution of the entire remaining assets and funds of the Company legally available for distribution over any holders of other series of preferred stock or of the Common Stock.

The Certificate of Designation ("CoD") for Series B Preferred Stock includes a Redemption feature such that upon the occurrence and continuance of a Triggering Event (defined as "(i) the objection or rejection by the Trading Market (as defined in the Purchase Agreement), any Governmental Entity (as defined in the Purchase Agreement), or any regulatory or self-regulatory agency of any of the Transactions (as defined in the Purchase Agreement) on or before December 31, 2025, or (ii) the failure of any regulatory or self-regulatory agency to approve all of the Transactions, if any such approval is required, on or before December 31, 2025") and following a ten day opportunity to cure the relevant written notice from the Holders to the Company, each Holder shall have the right to require the Company to redeem all or any portion of the Series B Preferred Stock then held by such

Holder for a redemption price equal to the full (for fully redemption) or pro rata (for portion redemption) Triggering Redemption Amount as defined in the CoD. On August 7, 2025, Bravemorning Limited, the only Holder waived all rights it may have pursuant to Section 8(b) of the Series B CoD, solely upon the occurrence of a Triggering Event, to require that Tron Inc. redeem all or any portion of the Series B Convertible Preferred Stock held by Bravemorning for a redemption price equal to the relevant Triggering Redemption Amount as defined in the CoD.

The issuances of the Series A and B Preferred Stock in the related transactions resulted in a change of control of the Company.

On April 2, 2026, Bravemorning Limited, a related party, exercised its right to convert 100,000 shares of its Series B Convertible Preferred Stock, par value \$0.0001 per share, into 200,000,000 shares of the Company's Common Stock.

At June 30, 2026, the Company had no Preferred Stock issued or outstanding.

Common Stock – As described above, the Company has 1,000,000,000 shares of Common Stock, par value \$0.0001 authorized. At June 30, 2026 and December 31, 2025, the Company had 474,382,064 and 261,314,913 shares, respectively, of its issued and outstanding common stock.

Year ended December 31, 2025, issuances included:

The Company issued 712,133 shares of its common stock valued at \$452,748 upon conversion of 712,133 pre-funded warrants which were included in Common Stock Payable at December 31, 2024.

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The Company issued 25,000 shares of its common stock valued at \$16,250 (market price at date of the agreement) in connection with a Consulting Agreement which were included in Common Stock Payable at December 31, 2024.

The Company issued 500,000 shares of its common stock in connection with a Stock Purchase Agreement with Gameverse Interactive Corp ("Gameverse"), valued at \$190,500 (TRON market price at date of purchase) pursuant to which the Company received 132,000 shares of common stock of Gameverse.

The Company entered into a Consulting Agreement (the "Agreements") under the terms of which the Company issued 50,000 shares of its common stock valued at \$28,145. The shares were valued at the market rate of the Company's stock on the date of the Agreement.

The Company converted 5,000 Series A Preferred shares into 8,928,571 shares of its common stock and issued 590,000 shares related to fees associated with the transaction See Series A Preferred stock above.

The Company issued 1,270,000 shares of its common stock for the exercise of stock options. Proceeds from the exercises total \$696,007.

The Company issued 18,802 shares of its common stock for the cashless exercise of warrants and 135,846 shares for the cashless exercise of options.

The Company issued 8,928,571 shares of its common stock for the exercise of warrants with proceeds totaling \$5,803,571.

The Company issued 220,000,000 shares of its common stock for the exercise of warrants for 312,500,100 TRX tokens valued at \$110,000,000.

The Company issued 535,715 shares of its common stock for the exercise of placement warrants for cash totaling \$348,215.

The Company issued 3,663,798 shares of its common stock for the cashless exercise of advisory warrants.

Three and Six Months ended June 30, 2026, issuance included:

On January 8, 2026, the Company issued 13,067,151 shares of its common stock in connection with a Securities Purchase Agreement with Black Anthem Limited, a related party, for \$18,000,000, paid in the form of USDT (Tether) stablecoins transferred to the Company's Treasury Wallet. At December 31, 2025, the 13,067,151 shares had been recorded as common stock payable since the payment had not been made and the shares had not been issued as of December 31, 2025.

On April 2, 2026, Bravemorning Limited exercised its right to convert 100,000 shares of its Series B Convertible Preferred Stock, par value \$0.0001 per share, into 200,000,000 shares of the Company's Common Stock.

At June 30, 2026, the Company had 474,382,064 shares of its common stock issued and outstanding.

Common Stock Payable - At June 30, 2026 and December 31, 2025, the Company had a balance of \$322,000 and \$18,322,000, respectively, of common stock payable.

Activity for the year ended December 31, 2025, included the following:

During the year ended December 31, 2025, the Holder of the pre-funded warrants described above converted the warrants into shares of the Company's common stock valued at \$452,748.

Additionally, the Company issued 25,000 shares in connection with a Consulting Agreement, valued at \$16,250, previously recorded as Common Stock Payable.

In December 2025, the Company entered into a Private Placement (Securities Purchase Agreement or "SPA") with Black Anthem, a related party, for the purchase of \$ 18,000,000 of the Company's common stock (13,067,151 restricted shares), payable in stablecoins. The \$18,000,000 was recorded as a Subscription Receivable and Common Stock Payable. The SPA calls for the delivery of the stablecoins within 10 business days of the execution of the SPA. On January 8, 2026, the stablecoins were delivered and the common stock was issued.

The balance of Common Stock Payable at December 31, 2025, was \$18,322,000.

Activity for the six months ended June 30, 2026, included the following:

The issuance of 13,067,151 shares of its common stock in connection with a Securities Purchase Agreement with Black Anthem Limited, a related party, valued at \$ 18,000,000. See Note 6. Investment in digital assets – held in Treasury Wallet set up by an Affiliate.

The balance of Common Stock Payable at June 30, 2026, was \$322,000.

Note 13 – Options and Warrants

Options

During the year ended December 31, 2025, the Company granted a total of 2,025,000 options to the Directors with an exercise price of \$0.56 - \$0.68, with five-year terms and exercisable immediately. The Company recorded an expense of \$460,821 in connection with these options.

The fair value of these options was measured using the Black-Scholes valuation model at the grant date. The table below sets forth the assumptions for Black-Scholes valuation model on the respective reporting date.

Reporting Date	Number of Options	Term (Years)	Exercise Price	Market Price on Grant Date	Volatility Percentage	Fair Value
01/07/2025	375,000	2.5	\$ 0.68	\$ 0.68	75.0%	\$ 119,635
5/22/2025	1,650,000	2.5	\$ 0.56	\$ 0.52	64.5%	\$ 341,186

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During the year ended December 31, 2025, a total of 1,320,000 shares of common stock were issued in connection with exercised options. Total proceeds from the exercises were \$696,007. At June 30, 2026, and December 31, 2025, the Company had a total of 1,815,000 unexercised options with an average exercise price of \$0.98 per share.

There were no options granted or exercised during the six months ended June 30, 2026.

The following table sets forth the option activity for the six months ended June 30, 2026, and year ended December 31, 2025:

Balance, December 31, 2024	1,110,000
Options granted	2,025,000
Options exercised	(1,320,000)
Balance December 31, 2025	1,815,000
Options granted	-
Options exercised	-
Balance, June 30, 2026	1,815,000

Warrants

On May 21, 2025, the Company entered into a Securities Purchase Agreement (the "May Securities Purchase Agreement") with an institutional investor for a private investment in public equity (the "May PIPE Offering") of 5,000 shares of its Series A Convertible Preferred Stock par value \$0.0001 per share (the "Series A Preferred Stock"), convertible into 8,928,571 shares of Common Stock, at a conversion price of \$0.56 per share of Series A Preferred Stock, and an aggregate of 8,928,571 warrants (the "May PIPE Warrants") to acquire up to 8,928,571 shares of Common Stock, subject to beneficial ownership limitations set by the holder. The purchase price for one unit (consisting of one share of Series A Convertible Preferred Stock convertible into approximately 1,785 shares and the same number of warrants) was \$1,000. The May PIPE Warrants issued in the May PIPE Offering are exercisable immediately upon issuance at an exercise price of \$0.65 per share and will expire two years from the date of issuance. As of December 31, 2025, all of the Series A Convertible Preferred Stock had been converted into a total of 8,928,571 shares of common stock, and all of the May PIPE Warrants had been exercised for 8,928,571 shares of common stock.

In addition, the Company issued to the Placement Agent or its designees the placement agent warrants (the "May Placement Agent Warrants") to purchase up to an aggregate of 535,715 shares of Common Stock (6.0% of the Common Stock sold in the May PIPE Offering). The Placement Agent Warrants have identical terms as the May PIPE Warrants. In November, 2025, the Placement Agent Warrants were exercised.

In addition, pursuant to an Advisory Agreement with an entity associated with American Ventures (the investor in the previously disclosed May 2025 Series A preferred stock offering and disclosed below), the Company issued a warrant to American Ventures (the "American Ventures Warrants") for 5,360,000 warrants with substantially the same terms as the June PIPE Warrants (as defined below) except that the American Ventures Warrants are exercisable for five years. In November, 2025, the Placement Agent Warrants were exercised using the cashless feature for 3,663,798 shares of common stock.

On June 16, 2025, the Company entered into a Securities Purchase Agreement (the "June Securities Purchase Agreement") with Bravemorning Limited for a private investment in public equity (the "June PIPE Offering") of 100,000 shares of its Series B Convertible Preferred Stock par value \$0.0001 per share (the "Series B Preferred Stock"), convertible into 200,000,000 shares of common stock, par value \$0.0001 (the "Common Stock"), at a conversion price of \$0.50 per share of Common Stock, and warrants (the "June PIPE Warrants") to acquire up to 220,000,000 shares of Common Stock. The June PIPE Warrants issued in the June PIPE Offering are exercisable immediately upon issuance at an exercise price of \$0.50 per share and will expire two years from the date of issuance. The 100,000 shares of Series B Preferred Stock are referred to herein as the "Preferred Stock Shares."

During June 2025, certain underwriter representatives exercised 47,380 warrants on a cashless basis for the issuance of 18,802 shares of the Company's common stock.

There were no warrants issued or exercised during the six months ended June 30, 2026.

The following table sets forth the Warrant activity for the six months ended June 30, 2026 and year ended December 31, 2025:

Balance, December 31, 2024	150,000
Exercise of underwriter warrants	(47,380)
Cashless exercise of consultant warrants	(100,000)
May PIPE Warrants	8,928,571
Placement Warrants	535,715
American Venture Warrants	5,360,000
Exercise of the May PIPE Warrants	(8,928,571)
Exercise of Placement Warrants	(535,715)
Exercise of American Venture Warrants	(5,360,000)
June PIPE Warrants	220,000,000
Exercise of the June PIPE Warrants	(220,000,000)
Balance, June 30, 2026 and December 31, 2025	2,620

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Note 14 - Segment Reporting

The Company has two reportable segments: (i) the toy business consisting of design, development and manufacture (through third parties) of toys and souvenir items and (ii) digital assets, consisting of investing for growth in the appreciation of the asset and staking the tokens to produce income to the Company.

Gross profit (loss) is the segment performance measure the chief operating decision maker ("CODM") (our CEO, Richard Miller) uses to assess the Company's reportable segments.

The toys and souvenir items ("Products") generate revenue from the sale of the Products to theme parks and entertainment venues and direct sales through Amazon and other direct channels. Cost of revenue consists primarily of direct manufacturing costs and freight and shipping.

The digital assets have nominal costs associated with revenue generated through staking.

The following table presents segment revenue and segment gross profit for the three and six Months ended June 30, 2026 and 2025 reviewed by the CODM:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue from Toy sales	\$ 1,568,626	\$ 1,342,929	\$ 2,753,301	\$ 2,432,563
Cost of sales	1,277,979	1,050,726	2,144,413	1,873,825
Gross profit	290,647	292,203	608,888	558,738
Income from digital assets				
Unrealized gain on digital assets	444,149	2,154,071	21,105,331	2,154,071
Unrealized income from staking activities	3,348,398	44,769	6,332,428	44,769
Realized gain from TRX to sTRX conversion	318,996	-	318,996	-
Total income from digital assets	4,111,543	2,198,840	27,756,755	2,198,840
Operating (expenses)	(826,423)	(1,036,406)	(1,741,335)	(1,950,316)
Net interest income	55,696	13,218	125,373	14,007
Net income before taxes	3,631,463	1,467,855	26,749,681	821,269
Deferred income tax	763,607	-	2,253,384	-
Net income	\$ 2,867,856	\$ 1,467,855	\$ 24,496,297	\$ 821,269

Assets and liabilities are not separately analyzed or reported to the CODM and are not used to assist in decisions surrounding resource allocation and assessment of segment performance. As such, an analysis of segment assets and liabilities has not been included in this financial information.

Note 15 - Commitments and Contingencies

The Company entered into a new office lease Effective September 1, 2025. The primary term of the lease is three years and two months with a renewal option for an additional two years. Minimum annual lease payments for the primary term and renewal are as follows:

Primary Period	Amount	Amount During Renewal Period	Amount
September 1 to August 31, 2026	\$ 262,354	November 1 to October 31, 2029	\$ 278,988
September 1 to August 31, 2027	\$ 267,601	November 1 to October 31, 2030	\$ 284,568
September 1 to August 31, 2028	\$ 273,518		
September 1 to October 31, 2028	\$ 46,498		

Under the new standard for lease reporting, the Company recorded a Right of Use Asset ("ROU") and an offsetting lease liability of \$753,564 representing the present value of the future payments under the lease calculated using a 7.5% discount rate (the current borrowing rate of the company). The ROU and lease liability are amortized over the three-year life of the lease. The unamortized balances at June 30, 2026 and December 31, 2025 were ROU asset of \$572,076 and \$682,286, current portion of the lease liability of \$231,257 and \$220,206 and non-current portion of lease liability of \$345,869 and \$464,100, respectively.

Additionally, the Company recognized accreted interest expense of \$23,998 and \$18,194 and rent expense of \$134,208 and \$71,278 for the lease during the six months ended June 30, 2026 and year ended December 31, 2025 respectively.

Legal Proceedings

The Company may be subject to legal proceedings and claims arising from contracts or other matters from time to time in the ordinary course of business. Management is not aware of any pending or threatened litigation where the ultimate disposition or resolution could have a material adverse effect on its financial position, results of operations or liquidity.

Note 16 – S-3 Registration Statement

On July 28, 2025, the Company filed an S-3 Registration Statement under which the Company may, from time to time in one or more offerings, offer and sell up to \$1,000,000,000 in the aggregate of common stock, preferred stock, debt securities, warrants and rights to purchase common stock or preferred stock, or any combination of the foregoing, either individually or as units comprised of one or more of the other securities. Pursuant to the SEC comment letters, the Company filed amendments to the S-3 in August 2025, October 2025, February 2026, and March 2026. The S-3 Registration Statement was declared effective on March 30, 2026.

Note 17 – Subsequent Events

The Company evaluated subsequent events through the date of this filing and has had no material events subsequent to June 30, 2026.

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

FORWARD LOOKING STATEMENTS

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot

guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our unaudited financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common shares" refer to the common shares in our capital stock.

As used in this quarterly report and unless otherwise indicated, the terms "we", "us", "our", and the "Company" mean Tron Inc.

General Overview

Tron Inc. (formerly SRM Entertainment, Inc.), is a publicly traded company pioneering blockchain-integrated treasury strategies. As the public company with the largest TRON (TRX) tokens holdings, the Company is committed to transparency, long-term value creation and the adoption of decentralized financial tools. In addition, through our wholly owned subsidiary, the Company designs, develops, and manufactures custom merchandise which includes toys and souvenirs for the world's largest theme parks and other entertainment venues. Many of the Company's products are based on award winning multi-billion-dollar entertainment franchises that are featured in popular movies and books. The products are distributed worldwide at Walt Disney Parks and Resorts, Universal Parks and Destinations, United Parks and Resorts – SeaWorld, Six Flags and other attractions.

Tron Inc. is a Nevada corporation and was incorporated on April 22, 2022. SRM Entertainment Limited ("SRM Ltd"), a wholly owned subsidiary, is a limited company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China on January 23, 1981, and was acquired by the Company on August 14, 2023. The consolidated companies are collectively referred to as the Company.

On June 16, 2025, we entered into a Securities Purchase Agreement (the "June Securities Purchase Agreement") with Bravemorning Limited, a British Virgin Islands business company and related party. Under the terms of the June Securities Purchase Agreement, the Company sold at the price of \$100,000,000: (i) 100,000 shares of its Series B Preferred Stock Shares convertible into 200,000,000 shares of the Company's common stock (the "Series B Preferred Stock") and (ii) warrants to purchase up to 220,000,000 shares of the Company's common stock at an exercise price of \$0.50 per share (the "June Pipe Warrants"). On August 29, 2025, Bravemorning acquired 220,000,000 shares of the Company's common stock, par value \$0.0001 (the "Common Stock"), via its exercise of the June Pipe Warrants with total dollar amount of \$110,000,000, and upon such acquisition, Bravemorning became the owner of approximately 86.6% of the Company's outstanding shares of Common Stock. Mr. Weike Sun, who is a director of the Company, is the sole shareholder of Bravemorning. Upon the exercise of the June Pipe Warrants, Bravemorning held 220,000,000 shares of the Company's common stock and along with the conversion of the 100,000 Preferred Stock Shares into 200,000,000 shares of Common Stock, Bravemorning's ownership of Common Stock represented voting power of approximately 92.5%. Subsequently, the Company issued 13,067,151 shares of its common stock to Black Anthem Ltd (see below) therefore reducing Bravemorning's voting power. As of June 30, 2026, Bravemorning holds the voting power of approximately 88.5%. These moves reflect the Company's broader strategic transformation and its commitment to aligning more closely with the TRON blockchain ecosystem, following the launch of its Tron-focused treasury strategy. The Company's ticker change to "TRON" reinforces its brand identity and positions it as a key corporate player in the rapidly evolving blockchain and digital asset economy.

On December 24, 2025, the Company entered into a Stock Purchase Agreement for the purchase of \$18,000,000 of our restricted common stock with Black Anthem Limited owned by Justin Sun and payable in USDT (Tether) stablecoins (the "December SPA"). The transaction closed on January 8, 2026, at which time, \$18 million USDT (Tether) stablecoins were transferred to the Treasury Wallet (as defined below) and 13,067,151 shares of the Company's common stock were issued to Black Anthem. Additionally, the Company entered into a token sale and purchase agreement ("BGDL Token S&P Agreement") with Bit Global Digital Limited ("BGDL"), a British Virgin Islands Business Company, dated January 6, 2026, under which the Company is purchasing \$18,000,000 worth of TRX tokens from BGDL using a dollar-cost averaging mechanism over a 360-day period commencing January 22, 2026, as follows:

(a) BGDL shall deliver \$50,000 USDT worth of TRX tokens to the Company's designated wallet address on a daily basis, starting on January 22, 2026, for a period of consecutive 360 days.

(b) The price and number of TRX tokens to be delivered each day pursuant to paragraph (a) above shall be reasonably determined with reference to the market price of TRX token on a global cryptocurrency trading platform on that day. Upon request from time to time, BGDL shall provide the Company with (i) breakdown of the price and number of TRX tokens delivered by BGDL to the Company, and (ii) supporting documentation explaining how the price and number of TRX tokens delivered were determined.

(c) The above arrangement can be adjusted by the Company at its sole reasonable discretion.

During the six months ended June 30, 2026, the Company purchased a total of approximately 25,350,215 TRX tokens with an aggregate price of \$7,950,000 under the BGDL Token S&P Agreement.

Additionally, the Company publishes daily updates regarding its TRX treasury acquisitions in connection with the BGDL Token S&P Agreement through its public communications channels and provides a link to the designated on-chain treasury wallet for real-time verification.

The initial \$18,000,000 was recorded as a prepayment for Digital Asset purchases. At June 30, 2026, the balance of the prepayment was \$10,050,000.

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Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of US Securities and Exchange Commission ("SEC").

Business

Toy and Souvenir

The Company is a trusted toy and souvenir designer and developer, selling into the world's largest theme parks and entertainment venues.

Our business is built on the principle that almost everyone is a fan of something and the evolution of pop culture is leading to increasing opportunities for fan loyalty. We create whimsical, fun and unique products that enable fans to express their affinity for their favorite "something"—whether it is a movie, TV show, favorite celebrity, or favorite restaurant. We infuse our distinct designs and aesthetic sensibility into a wide variety of product categories, including figures, plush, accessories, apparel, and homewares. With our unique style, expertise in pop culture, broad product distribution and highly accessible price points, we have developed a passionate following for our products that has underpinned our growth. We believe we sit at the nexus of pop culture—content providers value us for our broad network of retail customers, retailers value us for our portfolio of pop culture products and pop culture insights, and consumers value us for our distinct, stylized products and the content they represent.

Pop culture pervades modern life and almost everyone is a fan of something. Today, more quality content is available and technology innovation has made content accessible anytime, anywhere. As a result, the breadth and depth of pop culture fandom resembles, and in many cases exceeds, the type of fandom previously associated only with sports. Everyday interactions at home, work or with friends are increasingly influenced by pop culture.

We have invested strategically in our relationships with key constituents in pop culture. Content providers value us for our broad network of retail customers and retailers value us for our pop culture products, pop culture insights and ability to drive consumer traffic. Consumers, who value us for our distinct, stylized products, remain at the center of everything we do.

Content Providers: We have licensing relationships with many established content providers, and our products appear in venues such as Walt Disney Parks and Resorts, Universal Studios, United Parks and Resorts (f/k/a SeaWorld), Cedar Fair, Six Flags and Herschend Family Entertainment and Merlin Entertainment. We currently have licenses with Smurfs, The ICEE Company and Zoonicom LLC, from which we can create multiple products based on each character within. Content providers trust us to design, create and manufacture unique, stylized extensions of their intellectual property that extend the relevance of their content with consumers through ongoing engagement, helping to maximize the lifetime value of their content.

Consumers: Fans are increasingly looking for ways to express their affinity for and engage with their favorite pop culture content. Over time, many of our consumers evolve from occasional buyers to more frequent purchasers, whom we categorize as enthusiasts or collectors. We create innovative products to appeal to a broad array of fans across consumer demographic groups—men, women, boys and girls—not a single, narrow demographic. We currently offer an array of products that sell across several categories. Our products are generally priced between \$2.50 and \$50.00, which allows our diverse consumer base to express their fandom frequently and impulsively. We continue to introduce innovative products designed to facilitate fan engagement at different price points and styles.

We have developed a nimble and low-fixed cost production model. The strength of our management team and relationships with content providers, retailers and third-party manufacturers allows us to move from product concept to a new product tactfully. As a result, we can dynamically manage our business to balance current content releases and pop culture trends with timeless content based on classic movies, such as Harry Potter or Star Wars. This has allowed us to deliver significant growth while lessening our dependence on individual content releases.

TRX Tokens Treasury

TRX token is the governance token of the TRON network, which is used to pay for on-chain transaction fees, participate in network governance and incentivize validators who generate blocks and validate transactions for the network. Users can also stake TRX tokens to vote for validators who facilitate the block generation and transaction validation process and earn staking rewards.

We believe that the TRX token is an attractive digital asset which can create long-term value for our shareholders by capitalizing on the global adoption of blockchain and digital innovation.

The Company has adopted a treasury reserve policy ("Treasury Reserve Policy") which set out our treasury management and capital allocation strategies, under which our treasury reserve assets will consist of:

- cash and cash equivalents and short-term investments ("Cash Assets") held by us that exceed working capital requirements; and
- TRX tokens held by us, as the primary treasury holding asset on an ongoing basis, subject to market conditions and anticipated needs of the business for Cash Assets.

The TRX token is the native token of the TRON blockchain. As of July 30, 2026, the TRX token ranked number 6 by market valuation among all non-stablecoin crypto tokens globally. The Company's plan is to accumulate and hold TRX tokens in its treasury and stake substantially all TRX tokens to earn yield. The Company has been engaging primarily in liquid staking activities by staking TRX tokens in its treasury through JustLend DAO, the leading decentralized finance ("DeFi") protocol on the TRON blockchain, whereby it stakes its digital assets (TRX tokens) into the JustLend protocol to support network operations and, in return, accrues network rewards. The JustLend platform generates yield through a combination of standard staking rewards (i.e. token rewards derived from delegating to super representative nodes) and "energy" rental income on the TRON blockchain (i.e. renting to other users the idle TRON "energy" resources entitled by TRX staking).

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Under standard TRX staking mechanism, TRX stakers are able to participate in community governance by voting for super representatives. Yield from standard TRX staking generally refers to (1) energy and bandwidth obtained by users after staking TRX on the TRON blockchain and (2) the voting rewards in the form of TRX tokens obtained by users after voting for the super representatives. Energy rental generally refers to users earning rent by renting out the energy that is obtained by staking TRX on the TRON blockchain. According to the mechanism of the TRON blockchain, deploying or triggering smart contracts consumes energy; and if energy is insufficient, TRX token(s) will be burned to make up for the missing resources. Energy could be obtained by either staking TRX tokens or burning TRX tokens. Given the market demands, there are energy rental protocols in the market (such as JustLend Energy Rental), such that users can borrow energy without staking nor burning TRX tokens. Users who already have staked their TRX tokens on the TRON blockchain have the ability to lend their energy out to earn additional income.

The use cases of the TRX token include (but are not limited to):

(i) **Governance of TRON blockchain:** By staking their TRX token holdings, TRX token holders will be able to vote for super representative candidates. The top 27 super representative candidates with the highest votes will become the super representative nodes (the "SR") and be able to participate in validation and block production. The super representative candidates who rank 28th to 127th are called super representative partners (the "SR Partners"). Each of the SRs, SR Partners and other super representative candidates may initiate community proposals, but only SRs are entitled to vote for the proposals. As of July 30, 2026, the SRs of TRON blockchain include, among others, Binance, HTX, Kraken, OKX, OKCoin Japan, P2P.org, Nansen, and Abra Capital.

(ii) **Transaction fees on TRON blockchain:** TRX token is primarily used to pay transaction fees on the TRON blockchain. Generally speaking, users of the TRON blockchain are required to utilize token resources (namely "bandwidth" and "energy") in their wallets to process transactions. Users can obtain such resources by either burning or staking TRX tokens.

(iii) **Incentivizing SRs to maintain security and functionality of TRON blockchain:** Block generation rewards and voting rewards on the TRON blockchain are issued in the form of TRX token. An SR is entitled to block generation rewards, and voting rewards are distributed to both SRs and SR Partners.

The genesis supply of the TRX token was 100 billion. New tokens are generated currently at the rate of approximately 1.5% per annum as governance and block validation rewards. On the offsetting side, TRX token is burned by the users to pay transaction fees for on-chain activities. Consequently, the supply change of TRX token depends on how active the blockchain is. During the period from January 1, 2022 to July 30, 2026, TRX token has been in deflation at approximately 1.5% per annum. As of July 30, 2026, the supply of TRX token is approximately 94.9 billion. Currently there is no lock-up, and substantially all the TRX tokens are in circulation.

The TRON protocol, one of the largest blockchain-based operating systems in the world, offers public blockchain support of high throughput, high scalability, and high availability for all decentralized applications (DApps) in the TRON ecosystem.

The TRON mainnet was launched in June 2018. It marked the transition of TRX token from being an ERC-20 token on the Ethereum blockchain to the native governance

token of TRON blockchain, an independent and standalone network.

Through years of development, TRON blockchain has been uniquely positioned as the dominant settlement protocol for on-chain stablecoin payment. As of July 30, 2026, TRON had over 396 million in total user wallets globally, hosting approximately 90.3 billion in TRC-20 USDT (Tether) accounting for approximately 47.7% of total USDT supply.

TRON block generation is secured and validated by a diverse group of super representative nodes globally including major industry players such as Binance, HTX, Kraken, OKX, OKCoin Japan, P2P.org, Nansen, and Abra Capital.

The Company holds the treasury tokens in a self-managed wallet (the "Treasury Wallet"). The board of directors of the Company (the "Board") has full control and access to the wallet, which was set up by Bit Global Trust Limited ("BGTL"). BGTL is a licensed Trust or Company Service Provider under the licensing regime administered by the Companies Registry of Hong Kong and a trust company registered under section 78(1) of the Trustee Ordinance (Cap. 29) of Hong Kong, and is therefore a regulated custodian.

The Treasury Wallet is safely kept in a secure location in Hong Kong controlled by BGTL. It utilizes the proprietary technology and on-chain compliance monitoring services provided by BGTL. Pursuant to the Self-Managed Wallet Services Agreement (the "Bit Global Services Agreement") entered into by the Company and BGTL on June 26, 2025, BGTL has set up the Treasury Wallet for the Company, licenses certain BGTL technology, and provides monitoring services relating to on-chain wallet activities. The Company retains sole control of the Treasury Wallet and private keys in Hong Kong. Mr. Weike Sun and Mr. Zi Yang, our Directors, are authorized by the Board to make the arrangement for safeguarding and operating the private keys of the Treasury Wallet. Due to security considerations, the details of the private key arrangement are highly confidential and not for public disclosure. The Board is primarily responsible for verifying the existence of treasury token holdings. The Company's auditors also have inspected and verified the Treasury Wallet operations and the existence of the treasury token holdings. There currently is no insurance coverage on the treasury tokens.

The Bit Global Services Agreement contains customary provisions relating to fees, confidentiality, compliance with applicable law, indemnification, limitations of liability, and termination. The foregoing description of the Bit Global Services Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Bit Global Services Agreement, a copy of which was filed as Exhibit 10.1 to the Company's Form S-3/A filed with the SEC on August 22 and October 17, 2025.

The Company has staked and plans to continue to stake TRX tokens in its treasury into Staked TRX (sTRX) tokens through JustLend, the leading DeFi protocol on the TRON blockchain which executes transactions through smart contracts, to accrue enhanced staking yield from both standard TRX staking and energy rental. JustLend is the DeFi staking platform designated by the Company to generate enhanced staking yield via the staked TRX token (sTRX). The Company has currently staked nearly 100% of the TRX tokens in its treasury into sTRX tokens. See *"Our TRX Tokens Holdings"* below. By holding sTRX tokens, the Company is able to accrue enhanced yields from both standard TRX staking and energy rental.

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The staking rewards generated from staking TRX tokens into sTRX via JustLend are distributed according to the protocol's rules. Currently, 20% of the rewards are retained by the JustLend protocol as protocol revenue, while the remaining 80% are allocated to sTRX token holders on a pro-rata basis. BGTL does not receive any portion of the staking rewards.

The staking of TRX tokens into sTRX tokens through JustLend was executed on the JustLend webpage. JustLend is a decentralized finance protocol, and the staking is governed by the Terms of Service of JustLend. There is no separate agreement between the Company and JustLend. The Company has not engaged in offline staking.

The TRX token is the native token of the TRON blockchain, and it serves as the utility token for various scenarios. The staked TRX token (sTRX) is a derivative token issued by the JustLend DAO protocol that represents the "staked" TRX tokens, and provides holders exposure to automatically accruing yield through standard TRX staking rewards and energy renting. Users can obtain sTRX tokens by staking TRX tokens on JustLend. The sTRX token is not fixed at a 1:1 conversion ratio with the TRX token; instead, the number of TRX tokens which can be exchanged from one sTRX token increases over time as rewards accumulate in the overall pool of staked tokens. As the voting rewards and energy rent accrue, the conversion ratio of the TRX token to the sTRX token increases gradually, so that the number of TRX tokens which can be obtained by users by unstaking and swapping from sTRX tokens back to TRX tokens increases accordingly. By holding sTRX tokens, the Company is able to accrue enhanced yields from both standard TRX staking and energy rental. For the avoidance of doubt, the sTRX token does not generate discrete staking rewards. Instead, the economic benefit of staking is reflected through a floating conversion rate between TRX and sTRX, which increases over time based on accrued protocol rewards. For comparison, the TRX token remains the native token of the TRON blockchain, and which can be used directly for transaction fee payments and community governance; whereas the sTRX token functions as a staking and yield-bearing certificate. On June 28, 2025, August 28, 2025 and April 5, 2026, 365,096,800, 312,500,000 and 12,487,000 TRX tokens were converted into approximately 297,543,246, 252,133,646 and 9,700,149 sTRX tokens respectively, based on the real-time conversion ratio according to the JustLend webpage. According to the JustLend DAO documentation, users who unstake their sTRX must wait 14 days before they can withdraw the unstaked TRX by clicking "Withdraw" on the same page.

As of the date hereof, the Company does not have any material agreements with counterparties relating to the purchase or sale of TRX tokens. To date, the TRX tokens held in the Company's treasury were received (i) as payment in kind from the Company's controlling shareholder in connection with the issuance of Series B Preferred Stock and warrant shares in connection with the June Securities Purchase Agreement; and (ii) as a result of the token sale and purchase transactions under the BGDL Token S&P Agreement.

Our TRX token strategy generally involves from time to time, subject to market conditions, (i) issuing debt or equity securities or engaging in other capital raising transactions with the objective of using the proceeds to purchase TRX tokens, and (ii) acquiring TRX tokens with our liquid assets that exceed working capital requirements. We intend to fund further TRX token acquisitions primarily through issuances of common stock and a variety of fixed-income instruments, including debt, convertible notes and preferred stock. As of June 30, 2026, our authorized capital stock consists of 1,000,000,000 shares of Common Stock, and 10,000,000 shares of preferred stock, par value \$0.0001 per share (the "Preferred Stock"), of which 1,000,000 shares are designated as Series A Preferred Stock and 5,000 shares of the Series A Preferred Stock are designated as convertible, and 100,000 shares are designated as Series B Preferred Stock, of which 100,000, are designated as convertible.

We view our TRX tokens holdings as long-term holdings and expect to continue to accumulate TRX tokens. We have not set any specific target for the amount of TRX tokens we seek to hold, and we will continue to monitor market conditions in determining whether to engage in additional financings to purchase additional TRX tokens. This overall strategy also contemplates that we may (i) enter into additional capital raising transactions that are collateralized by our TRX tokens holdings, and (ii) consider pursuing strategies to create income streams or otherwise generate funds using our TRX tokens holdings.

The primary focus of the business of the Company is the accumulation of TRX tokens with the goal to realize long-term value creation through price appreciation and staking yield. The sTRX token, being a derivative token that represents the "staked" TRX token, provides exposure to additional yield from standard TRX staking rewards and energy renting. The Company currently has no intention to use its TRX token reserve to support or finance its operating activities. However, the Company will not rule out the possibility of doing so in the future, subject to its business or financing needs. Further, save for the USDT (Tether) stablecoins received by the Company under the December SPA, the Company currently does not plan to hold any crypto assets other than TRX tokens and sTRX tokens which were obtained from TRX staking.

TRON Blockchain

Founded in 2017 by Justin Sun, TRON is an open blockchain network that supports smart contracts and decentralized applications. Justin Sun oversaw development of the TRON blockchain prior to the establishment of TRON DAO in 2021.

The TRON blockchain is a public blockchain with high throughput, cost-efficient capacity which is widely used as decentralized infrastructure by stablecoins, decentralized finance (DeFi), and other decentralized applications (DApp). The TRON Virtual Machine (TVM) supports the deployment and execution of smart contracts, with the network operating under a Delegated Proof-of-Stake (DPoS) consensus mechanism which allows the holders of the blockchain's native tokens to participate in community governance by staking, voting and election of validators.

The latest major developments of the TRON blockchain include:

- In August 2025, the TRON community voted and approved the energy price amendment proposal, lowering the unit price of energy from 0.00021 TRX to 0.00010 TRX in August 2025 (Proposal #104), further reducing the transaction fees of the TRON blockchain.

- In May 2025, TRON blockchain completed the GreatVoyage-v4.8.0 (Kant) upgrade. It aims at enhancing the blockchain's compatibility with Ethereum (following the Cancun upgrade) to make it easier for developers to migrate applications from Ethereum to TRON blockchain.

Justin Sun does not serve as an executive officer of the Company. More specifically, Justin Sun does not hold any officer position for the Company or any subsidiary thereof, he is not in charge of any business unit, and he does not perform any policy making functions. He acts solely in an advisory role as an independent contractor, pursuant to the terms of the Sun Advisory Agreement, as defined and further described below.

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Our TRX Tokens Holdings

Upon completion of the June Securities Purchase Agreement on June 28, 2025, the Company received 365,096,845 TRX tokens from Bravemorning. Upon the August exercise of the June Pipe Warrants, the Company received an additional 312,500,100 TRX tokens, being the Warrant Exercise Tokens from Bravemorning.

An aggregate of 365,096,800 TRX tokens held by the Company have been "staked" on JustLend, a decentralized finance (DeFi) protocol, on June 28, 2025 in exchange for approximately 297,543,246 Staked TRX (sTRX) tokens. 312,500,000 TRX tokens of the Warrant Exercise Tokens held by the Company have been "staked" on JustLend on August 28, 2025 in exchange for approximately 252,133,646 sTRX tokens. "Staking" is a process commonly used in the blockchain industry that allows network participants to earn rewards by locking their tokens in wallets. The sTRX token is a derivative token that represents the "staked" TRX tokens, which can automatically generate yield (through the combination of standard TRX staking rewards and energy renting) for the token holders. The sTRX token does not generate discrete staking rewards. Instead, the economic benefit of staking is reflected through a floating conversion rate between TRX and sTRX, which increases over time based on accrued protocol rewards.

With respect to the \$18,000,000 December SPA and related BGD Token S&P Agreement, on January 22, 2026, the Company commenced buying \$50,000 USDT worth of TRX tokens daily (price of which shall be reasonably determined with reference to the market price of TRX token on a global cryptocurrency trading platform on each day) which have been and will be delivered daily to the Treasury Wallet for 360 consecutive days. As of June 30, 2026, the Company had purchased approximately 25,350,215 TRX tokens under the BGD Token S&P Agreement, of which 12,487,000 had been staked as of that date.

As of June 30, 2026, the Company held approximately 12,863,291 TRX tokens and approximately 559,377,041 sTRX tokens.

The Company and the TRON Ecosystem

While there are crossover relationships between certain directors of the Company and the TRON blockchain ecosystem (Weike Sun is the father of Justin Sun, the founder of TRON, Zhihong Liu has been a senior advisor to TRON DAO, and Zi Yang is associated with Tronscan, the official internet explorer for the TRON blockchain), there is no direct relationship between the Company and the TRON DAO. The Company's name merely recognizes that it has adopted a treasury strategy focused on TRX, the native token of the TRON blockchain. The TRON DAO, by contrast, is the decentralized autonomous organization that, since 2021, facilitates the development of the TRON blockchain network. Justin Sun, our advisor, founded TRON in 2017 and oversaw its development prior to the establishment of TRON DAO in 2021. Super Representatives, elected by the community of TRX holders and acting by consensus are the sole decision makers for TRON DAO. While it is possible that developments to the TRON blockchain, as directed and agreed by TRON DAO, could affect consumer use of or market perception about TRX, and thus impact our business, the relationship to the Company is incidental.

Lowering of Transaction Fees

According to committee proposals history available on Tronscan, the proposal #104 which proposed the modification of transaction fee of 1 unit of energy from 0.00021 TRX token to 0.0001 TRX token was approved by the SR and became effective on August 29, 2025. The reduction of this fee means that less TRX is required to be burned (from 0.00021 TRX token to 0.0001 TRX token) to obtain a unit of energy; as a result, the cost for users to obtain energy through TRX burning decreases significantly, and therefore there will be less demand for energy rental.

Recent Developments

Conversion of Series B Preferred Stock

On April 2, 2026, Bravemorning Limited exercised its right to convert 100,000 shares of its Series B Convertible Preferred Stock, par value \$0.0001 per share, into 200,000,000 shares of the Company's Common Stock. As a result of this conversion, the number of outstanding shares of Common Stock increased from 274,382,064 to 474,382,064, representing an increase of approximately 73%. Following the conversion, Bravemorning holds 420,000,000 shares of Common Stock, and no shares of Series B Preferred Stock remain outstanding.

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Regulatory Developments in the PRC

We do not have any operations in Mainland China and currently do not have or intend to have any operating subsidiary established in Mainland China or any contractual arrangement to establish a variable interest entity ("VIE") structure with any entity in Mainland China.

SRM Ltd, our wholly-owned subsidiary incorporated in Hong Kong, provides administrative support for the procurement and delivery process of our custom merchandise business. We directly control our procurement of the custom merchandise with our PRC suppliers. SRM Ltd is not involved in our TRX treasury holding activities. See "*Business – Toy and Souvenir*" for more information.

As to our TRX treasury business, our Treasury Wallet is located in Hong Kong. See "*Business – TRX Tokens Treasury*" for more information.

Because of certain connections we have in Hong Kong, and because Hong Kong is a Special Administrative Region of China, there is uncertainty as to whether, in the event that the Chinese government does exercise additional oversight and discretion over the conduct of our business in the future, our existing connections to Hong Kong would be significant enough to trigger any new governmental actions that would apply to us, which could affect our operations and/or the value of our Common Stock or other securities. Because the nature of any such additional oversight and discretion cannot be known presently, the resulting uncertainty presents a potential risk to investors.

We are subject to unique risks due to uncertainty of the interpretation and the application of the PRC laws and regulations. We are also subject to the risks of uncertainty about any future actions of the Chinese government or authorities in Hong Kong in this regard.

We are aware that recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in certain areas in China with little

advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using a VIE structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding its efforts in anti-monopoly enforcement. Since these statements and regulatory actions are new, it is highly uncertain how soon the legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any. It is also highly uncertain what the potential impact such modified or new laws and regulations will have on our Hong Kong subsidiary or on our TRX treasury business. These actions could potentially interfere with, alter, limit or hinder our current presence in Hong Kong.

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Recent statements by the PRC government have indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investments in China based issuers. On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued a document to crack down on illegal activities in the securities markets and promote the high-quality development of the capital markets, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws.

On December 24, 2021, the China Securities Regulatory Commission (the "CSRC") released the Draft Administrative Provisions and the Draft Filing Measures, both of which had a comment period that expired on January 23, 2022. The Draft Administrative Provisions and Draft Filing Measures regulate the administrative system, record-filing management, and other related rules in respect of the direct or indirect overseas issuance of listed and traded securities by "domestic enterprises". The Draft Administrative Provisions specify that the CSRC has regulatory authority over the "overseas securities offering and listing by domestic enterprises", and requires "domestic enterprises" to complete filing procedures with the CSRC if they wish to list overseas. On February 17, 2023, the CSRC released the Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedures and report relevant information to the CSRC; any failure to comply with such filing procedures may result in administrative penalties, such as an order to rectify, warnings, and fines. On April 2, 2022, the CSRC published the Draft Archives Rules, for public comment. These rules state that in the overseas listing activities of domestic companies, domestic companies, as well as securities companies and securities service institutions providing relevant securities services thereof, should establish a sound system of confidentiality and archival work, shall not disclose state secrets, or harm the state and public interests.

Under the Trial Measures and the Guidance Rules and Notice, Chinese domestic companies conducting overseas securities offering and listing activities, either in direct or indirect form, shall complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following their submission of initial public offerings or listing application. The companies that have already been listed on overseas stock exchanges or have obtained the approval from overseas supervision administrations or stock exchanges for its offering and listing and will complete their overseas offering and listing prior to September 30, 2023 are not required to make immediate filings for its listing, yet need to make filings for subsequent offerings in accordance with the Trial Measures. Companies that have already submitted an application for an initial public offering to overseas supervision administrations prior to the effective date of the Trial Measures but have not yet obtained the approval from overseas supervision administrations or stock exchanges for the offering and listing, shall arrange for the filing within a reasonable time period and shall complete the filing procedure before such companies' overseas issuance and listing.

Our management understands that as of the date of this Form 10-Q, the Company has no operations in Mainland China and is not required to complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures. While the Company has no current operations in Mainland China, should we have any future operations in Mainland China and should we (i) fail to receive or maintain such permissions or approvals, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) applicable laws, regulations, or interpretations change and require us to obtain such permissions or approvals in the future, we may face sanctions by the CSRC, the Cyberspace Administration of China (the "CAC") or other PRC regulatory agencies. These regulatory agencies may also impose fines and penalties on our potential operations in Mainland China, as well as limit our ability to pay dividends outside of Mainland China, limit our operations in Mainland China, delay or restrict the repatriation of the proceeds from our offerings into Mainland China or take other actions that could have an adverse effect on our business as well as the trading price of our Common Stock or other securities.

If we have PRC operations in the future, we may be required to restructure our operations to comply with such regulations or potentially cease operations in the PRC entirely. The CSRC, the CAC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt offerings before settlement and delivery of our Common Stock or other securities. In addition, if the CSRC, the CAC or other regulatory PRC agencies later promulgate new rules requiring that we obtain their approvals for our offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. If we have PRC operations in the future, any action taken by the PRC government could significantly limit or completely hinder our operations in the PRC and our ability to offer or continue to offer securities to investors, and could cause the value of such securities to decline.

Furthermore, on July 10, 2021, the CAC issued a revised draft of the Measures for Cybersecurity Review for public comment, which required that, among others, in addition to any "operator of critical information infrastructure", any "data processor" controlling personal information of no less than one million users which seeks to list in a foreign stock exchange should also be subject to cybersecurity review, and further elaborated the factors to be considered when assessing the national security risks of the relevant activities. On December 28, 2021, the CAC, the National Development and Reform Commission ("NDRC"), and several other administrations jointly issued the revised Measures for Cybersecurity Review, which became effective and replaced the existing Measures for Cybersecurity Review on February 15, 2022. According to the Revised Review Measures, if an "online platform operator" that is in possession of personal data of more than one million users intends to list in a foreign country, it must apply for a cybersecurity review. Based on a set of Q&A published on the official website of the State Cipher Code Administration in connection with the issuance of the Revised Review Measures, an official of the said administration indicated that an online platform operator should apply for a cybersecurity review prior to the submission of its listing application with non-PRC securities regulators. Moreover, the CAC released the draft of the Regulations on Network Data Security Management in November 2021 for public consultation, which among other things, stipulates that a data processor listed overseas must conduct an annual data security review by itself or by engaging a data security service provider and submit the annual data security review report for a given year to the municipal cybersecurity department before January 31 of the following year. Given the recency of the issuance of the Revised Review Measures and their pending effectiveness, there is a general lack of guidance and substantial uncertainties exist with respect to their interpretation and implementation. It remains unclear whether a Hong Kong company which collects personal information from PRC individuals shall be subject to the Revised Review Measures. We do not currently expect the Revised Review Measures to have an impact on our business, our operations or our offerings as we do not believe that our subsidiary would be deemed to be an "operator of critical information infrastructure" or a "data processor" controlling personal information of no less than one million users, that would be required to file for cybersecurity review before listing in the U.S. However, there remains uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and regulations. If the Revised Review Measures are adopted into law in the future and if our subsidiary is deemed to be an "operator of critical information infrastructure" or a "data processor" controlling personal information of no less than one million users, our operation and the listing of our Common Stock or other securities in the U.S. could be subject to CAC's cybersecurity review.

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As of the date hereof, Hong Kong does not have regulations similar to those of the PRC to extend oversight and control over offerings that are conducted overseas. Hong Kong does not have regulation similar to the Trial Measures and the Guidance Rules and Notice, and Measures for Cybersecurity Review of the PRC. However, the legal and operational risks associated in Mainland China also apply to operations in Hong Kong, and we face the risks and uncertainties associated with the complex and evolving PRC laws and regulations and as to whether and how the recent PRC government statements and regulatory developments, such as those relating to data and cyberspace security and anti-monopoly concerns, would be applicable to a company such as our subsidiary and our Company, given the Hong Kong aspects of our subsidiary in Hong Kong and the possibility that the Chinese government may exercise significant oversight over the conduct of business in Hong Kong. In the event we or our subsidiary were to become subject to PRC laws and regulations, we could incur material costs to ensure compliance, and we or our subsidiary might be subject to fines, experience devaluation of securities or delisting, restrictions on securities offerings, and/or no longer be permitted to continue business operations as presently conducted. In the event that (i) the PRC government expands the categories of industries and companies whose foreign securities offerings are subject to review by the CSRC or the CAC or if applicable laws, regulations or interpretations change and we are required to obtain such permissions or approvals, (ii) we inadvertently conclude that relevant permissions or approvals were not required, or (iii) we did not receive or maintain relevant permissions or approvals required, any action taken by the PRC government could significantly limit or completely hinder our operations in

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Significant Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our unaudited financial statements for the six months ended June 30, 2026 and 2025 and audited financial statements for the year ended December 31, 2025, which have been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP, and the rules and regulations of the Securities and Exchange Commission. The preparation of the financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported revenue generated, and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with a maturity of three months or less when purchased to be cash and equivalents for purposes of the statement of cash flows. There were no cash equivalents as of June 30, 2026 or December 31, 2025.

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Net Loss per Common Share

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. If applicable, diluted earnings per share assume the conversion, exercise or issuance of all common stock instruments such as options, warrants, convertible securities and preferred stock, unless the effect is to reduce a loss or increase earnings per share.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss)	\$ 2,867,856	\$ 1,467,855	\$ 24,496,297	\$ 821,269
Denominator:				
Denominator for basic earnings per share - Weighted-average of shares of Common Stock issued and outstanding during the period	470,236,460	21,574,059	372,974,605	19,413,035
Denominator for diluted earnings per share	472,054,080	224,099,059	374,792,225	221,938,035
Net income (loss) per share				
Basic	\$ 0.01	\$ 0.07	\$ 0.07	\$ 0.04
Diluted	\$ 0.01	\$ 0.01	\$ 0.07	\$ 0.00

Revenue Recognition

SRM Ltd generates its revenue from the sale of its products directly to the end user or distributor (collectively the "customer").

The Company recognizes revenues by applying the following steps in accordance with FASB Accounting Standards Codification 606 "Revenue from Contracts with Customers" ("ASC 606"). Under ASC 606, revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognize revenue as the performance obligation is satisfied.

The Company's performance obligations are satisfied when goods or products are shipped on an FOB shipping point basis as title passes when shipped. Our product is generally paid in advance of shipment or standard net 30 days and we offer no specific right of return, refund or warranty related to our products except for cases of defective products of which there have been none to date.

TRX Staking

The Company engages primarily in liquid staking activities with JustLend DAO, whereby it stakes its digital assets (TRX tokens) in the JustLend protocol to support network operations and, in return, accrues network rewards. The Company received Staked TRX tokens ("sTRX") in return for staking TRX. sTRX represents a tokenized version of TRX. These activities do not involve a contract with a customer and therefore are outside the scope of ASC 606, Revenue from Contracts with Customers.

Users can obtain sTRX tokens by staking TRX tokens on JustLend. The sTRX token is not fixed at a 1:1 conversion ratio with the TRX token; instead, the number of TRX tokens which can be exchanged from one sTRX token increases over time as rewards accumulate in the overall pool of staked tokens. As the voting rewards and energy rent accrue, the conversion ratio of the TRX token to the sTRX token increases gradually, so that the number of TRX tokens which can be obtained by users by unstaking and swapping from sTRX tokens back to TRX tokens increases accordingly. By holding sTRX tokens, the Company is able to accrue enhanced yields from both standard TRX staking and energy rental. For the avoidance of doubt, the sTRX token does not generate discrete staking rewards. Instead, the economic benefit of staking is reflected through a floating conversion rate between TRX and sTRX, which increases over time based on accrued protocol rewards.

The Company accounts for sTRX as a digital asset and measures it at fair value, with changes in fair value recognized in the statement of operations as unrealized gains or losses. Because staking rewards are embedded in the appreciation of sTRX, the Company does not recognize separate staking income until the sTRX is redeemed or disposed of. Any increase in estimated value attributable to staking activity is considered an estimate of unrealized staking income recorded at fair value.

Inventory

Inventories are stated at the lower of cost or market. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. Write-downs and write-offs are charged to cost of goods sold. Inventory is based upon the average cost method of accounting.

Income Taxes

We account for income taxes under ASC 740 Income Taxes ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

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ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition. Based on our evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in our financial statements. We believe that our income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to our financial position. Our policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense.

The Company's deferred tax liability at June 30, 2026, consisted primarily of unrealized gains on its investments in digital assets and income derived from staking digital assets calculated using the effective tax rate (21% US rate) equating to approximately \$2,253,384. The Company's deferred tax assets at December 31, 2025 consisted of net operating loss carry forwards calculated using effective tax rates (20% average of China and US rates) equating to \$3,253,925, less a valuation allowance in the amount of approximately \$3,253,925 for the year ended December 31, 2025.

Related parties

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the related parties include a. affiliates of the Company; b. Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; c. trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d. principal owners of the Company; e. management of the Company; f. other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g. Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved; b. a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Recent Accounting Pronouncements

Segment Reporting

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, enhancing segment reporting requirements under ASC 280. This ASU aims to provide investors with more detailed information about a public entity's reportable segments, including those with a single reportable segment. The Key Provisions include:

- Enhanced Expense Disclosures:** Public entities must now disclose significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included in each reported measure of segment profit or loss.
- Disclosure of Other Segment Items:** Entities are required to disclose an amount for "other segment items" by reportable segment, representing the difference between reported segment revenues and the sum of significant segment expenses and the reported measure of segment profit or loss. A qualitative description of the composition of these other segment items is also required.
- Interim Reporting Requirements:** All annual disclosures about a reportable segment's profit or loss and assets, including the new disclosures introduced by ASU 2023-07, must now be provided in interim periods as well.
- Single Reportable Segment Entities:** Public entities with a single reportable segment are explicitly required to provide all segment disclosures mandated by ASC 280, including those introduced by ASU 2023-07. This clarification ensures that users receive comprehensive information about the entity's operations and performance.

5. **Disclosure of CODM Information:** Entities must disclose the title and position of the CODM and explain how the CODM uses the reported measure(s) of segment profit or loss in assessing performance and allocating resources.

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These amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. The Company adopted the ASU for the year ended December 31, 2024.

The company evaluated issued pronouncements and did not identify any additional recent pronouncements that apply to the company.

Accounting for Crypto Assets

In December 2023, the FASB issued ASU 2023-08, Accounting for and Disclosure of Crypto Assets, which establishes accounting guidance for crypto assets meeting certain criteria. The Company holds crypto assets that meet the scope criteria of ASU 2023-08. The pronouncement requires crypto assets which meet the criteria to be recognized at fair value with changes recognized in net income each reporting period. ASU 2023-08 is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. The Company adopted ASU 2023-08, effective January 1, 2025.

Results of Operations

The following table provides selected financial data about us for the three and six Months ended June 30, 2026 and 2025, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue				
Sales	\$ 1,568,626	\$ 1,342,929	\$ 2,753,301	\$ 2,432,563
Cost of Sales	1,277,979	1,050,726	2,144,413	1,873,825
Gross profit	290,647	292,203	608,888	558,738
Operating expense				
General and administrative expenses	826,423	1,036,406	1,741,335	1,950,316
Total operating expenses	826,423	1,036,406	1,741,335	1,950,316
Operating loss	(535,776)	(744,203)	(1,132,447)	(1,391,578)
Other income / (expense)				
Unrealized gain on digital asset investment	444,149	2,154,071	21,105,331	2,154,071
Unrealized Income from staking activities	3,348,398	44,769	6,332,428	44,769
Realized gain on digital assets	318,996	-	318,996	-
Interest income	67,194	19,030	149,986	25,325
Interest expense	(11,498)	(5,812)	(24,613)	(11,318)
Total other income (expense)	4,167,239	2,212,058	27,882,128	2,212,847
Net income (loss)	\$ 3,631,463	1,467,855	26,749,681	\$ 821,269
Provision for income tax				
Current	-	-	-	-
Deferred	763,607	-	2,253,384	-
Net Income	\$ 2,867,856	\$ 1,467,855	\$ 24,496,297	\$ 821,269
Net (loss) per share:				
Basic	\$ 0.01	\$ 0.07	\$ 0.07	\$ 0.04
Fully diluted	\$ 0.01	\$ 0.01	\$ 0.07	\$ 0.00
Weighted average number of shares				
Basic	470,236,460	21,574,059	372,974,605	19,413,035
Fully diluted	472,054,080	224,099,059	374,792,225	221,938,035

For the three months ended June 30, 2026 and 2025

Revenues and Cost of Sales

We generated \$1,568,626 in revenues for the three months ended June 30, 2026, compared to \$1,342,929 revenues for the three months ended June 30, 2025. The increase is primarily due to relative price increases.

Operating Expenses and Other Income

Operating expenses for the three months ended June 30, 2026 and 2025 were \$826,423 and \$1,036,406, respectively. The operating expenses for the three months ended June 30, 2026, consisted of (i) marketing expense of \$26,761, (ii) legal and professional fees of \$42,821, (iii) amortization and depreciation of \$18,252, (iv) rent and utilities of \$75,354, (v) general and administrative expense of \$636,877 which included salary and wages of \$427,582 and (vi) \$26,358 for Nasdaq and other related fees, versus the operating expenses for the three months ended June 30, 2025, consisting of (i) marketing expense of \$28,086, (ii) legal and professional fees of \$56,298, (iii) amortization and depreciation of \$77,970, (iv) rent and utilities of \$9,815, (v) general and administrative expense of \$523,051 and (vi) \$341,186 of stock based compensation.

The Company had an unrealized gain on its digital asset investment of \$444,149 due to the increase in market value of the digital asset, unrealized income from digital assets of \$3,348,398 from revenue generated from the digital assets, \$318,996 realized gain on change of fair value when TRX converted sTRX and net interest income and expense of \$55,696.

The Company had deferred income tax expense related to the unrealized gains and income related to its digital assets resulting in a deferred tax provision of \$763,607.

Income/Losses

Net income was \$2,867,856 for the three months ended June 30, 2026 and \$1,467,855 for the three months ended June 30, 2025.

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For the six months ended June 30, 2026 and 2025

Revenues and Cost of Sales

We generated \$2,753,301 in revenues for the six months ended June 30, 2026 compared to \$2,432,563 revenues for the six months ended June 30, 2025. The increase is primarily due to relative price increases.

Operating Expenses and Other Income

Operating expenses for the six months ended June 30, 2026 and 2025 were \$1,741,335 and \$1,950,316, respectively. The operating expenses for the six months ended June 30, 2026, consisted of (i) marketing expense of \$56,368, (ii) legal and professional fees of \$72,321, (iii) amortization and depreciation of \$36,170, (iv) rent and utilities of \$126,660, (v) general and administrative expense of \$1,394,786, which included salary and wages of \$816,983 and (vi) \$55,030 for Nasdaq and other related fees versus the operating expenses for the six months ended June 30, 2025, consisting of (i) marketing expense of \$51,208, (ii) legal and professional fees of \$254,368, (iii) amortization and depreciation of \$159,541, (iv) rent and utilities of \$30,138, (v) general and administrative expense of \$966,095 and (vi) \$488,966 of stock based compensation.

The Company had an unrealized gain on its digital asset investment of \$21,105,331 due to the increase in market value of the digital asset, unrealized income from digital assets of \$6,332,428 from revenue generated from the digital assets, a \$318,996 realized gain on change of fair value when TRX converted sTRX and net interest income and expense of \$125,373.

Income/Losses

Net income was \$24,496,297 for the six months ended June 30, 2026 and \$821,269 for the six months ended June 30, 2025.

Impact of Inflation

We believe that inflation has had a negligible effect on operations since inception. We believe that we can offset inflationary increases in the cost of operations by increasing sales and improving operating efficiency.

Off Balance Sheet Arrangements

We do not have off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "variable interest entities."

Liquidity and Capital Resources

As of June 30, 2026, we had approximately \$9,495,598 in cash and cash equivalents, a decrease of \$959,762 from the \$10,455,360 we had as of December 31, 2025. As of June 30, 2026, we had approximately \$20,818,562 in working capital, an increase of \$9,061,045 from the \$11,757,517 we had at December 31, 2025.

Operating Activities:

Net cash used in our operating activities during the six months ended June 30, 2026, totaled \$959,762 compared to \$165,653 used during the six months ended June 30, 2025.

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Financing Activities:

During the six months ended June 30, 2026, the Company had no cash based financing activities; however on December 24, 2025, the Company entered into a Stock Purchase Agreement (the "Black Anthem SPA") for the purchase of 13,067,151 shares of our restricted common stock with Black Anthem Limited, which is owned by Justin Sun, for \$18,000,000 payable in USDT (Tether) stablecoins. The \$18,000,000 was accounted for as a Subscription Receivable and Common Stock Payable at December 31, 2025.

On January 6, 2026, the Company entered into the BGD L Token S&P Agreement with BGD L, under the terms of which the Company agrees to purchase \$18,000,000 worth of TRX tokens from BGD L using a dollar-cost averaging mechanism over a 360-day period commencing January 22, 2026.

On January 8, 2026, the Black Anthem SPA closed, at which time, \$18 million USDT (Tether) stablecoins were delivered to BGD L representing a prepayment on the purchase of the TRX tokens. During the six months ended June 30, 2026, the Company purchased a total of approximately 25,350,215 TRX tokens with an aggregate price of \$7,950,000 under the BGD L Token S&P Agreement. At June 30, 2026, the balance of the prepayment was \$10,050,000.

During the six months ended June 30, 2025, the Company had net cash provided by financing activities totaling \$4,111,422 consisting of: (i) \$4,267,344 net proceeds from a private placement for the purchase of Series A Preferred Stock and related conversion into common stock; (ii) the exercise of 645,000 options for \$344,007; (iii) a \$500,000 payment on a promissory note; and (iv) \$71 from the exercise of pre-funded warrants.

In addition to the cash used as described above, the Company entered into a Securities Purchase Agreement under the terms of which the Company received \$100,000,000 in digital assets and issued 100,000 shares of its Series B Preferred Stock convertible into 200,000,000 shares of common stock and warrants convertible into 220,000,000 shares of the Company's common stock with an exercise price of \$0.50 per share in return for the issuance of 100,000 Series B Preferred shares. In August 2025, the 220,000,000 warrants were exercised with the payment of \$110,000,000 in digital assets for 220,000,000 shares of the Company's common stock. In April 2026, the Series B Preferred Stock was converted into 200,000,000 shares of the Company's common stock.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company", we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time communicated to the Company's management, including its Chief Executive Officer and principal financial officer, as

appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching the Company's desired disclosure control objectives. In designing periods specified in the SEC's rules and forms, and that such information is accumulated and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company's certifying officers have concluded that the Company's disclosure controls and procedures are effective in reaching that level of assurance.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) that occurred during the three and six Months ended June 30, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Management has confidence in its internal controls and procedures. The Company's management believes that a control system, no matter how well designed and operated can provide only reasonable assurance and cannot provide absolute assurance that the objectives of the internal control system are met, and no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Further, the design of an internal control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitation in all internal control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

As a "smaller reporting company", we are not required to provide the information required by this Item.

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

There were no sales of equity securities sold during the period covered by this Quarterly Report that were not registered under the Securities Act and were not previously reported in a Current Report on Form 8-K filed by the Company.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
(31)	Rule 13a-14 (d)/15d-14(d) Certifications
31.1	Section 302 Certification by the Principal Executive Officer
31.2	Section 302 Certification by the Principal Financial Officer and Principal Accounting Officer
(32)	Section 1350 Certifications
32.1 *	Section 906 Certification by the Principal Executive Officer
32.2 *	Section 906 Certification by the Principal Financial Officer and Principal Accounting Officer
101 *	Interactive Data File
101.INS	Inline XBRL Instance 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)

* The certifications attached as Exhibits 32.1 and 32.2 accompany this quarterly report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed "filed" by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

+ The schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

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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.

Tron Inc.

/s/ Richard Miller

Richard Miller

Chief Executive Officer (Principal Executive Officer)

Dated: August 11, 2026

**CERTIFICATIONS PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard Miller, certify that:

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

Date: August 11, 2026

/s/ Richard Miller

Richard Miller
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATIONS PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Douglas O. McKinnon, certify that:

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

Date: August 11, 2026

/s/ Douglas O. McKinnon

Douglas O. McKinnon

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard Miller, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of Tron Inc. for the period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Tron Inc.

Dated: August 11, 2026

/s/ Richard Miller

Richard Miller
Chief Executive Officer
(Principal Executive Officer)
Tron Inc.

**CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Douglas O. McKinnon, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of Tron Inc. for the period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Tron Inc.

Dated: August 11, 2026

/s/ Douglas O. McKinnon

Douglas O. McKinnon
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Tron Inc.
