

The logo for NeoMagic corporation features the word "NeoMagic" in a large, bold, blue sans-serif font. Below it, the word "corporation" is written in a smaller, grey sans-serif font. A thick, blue, curved brushstroke underline sweeps across the bottom of the text.

NeoMagic

corporation

FINANCIAL STATEMENTS

FOR PERIOD ENDED
DECEMBER 31, 2023

(Unaudited - Expressed in US Dollars)

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NOTICE TO READER

The accompanying unaudited consolidated financial statements of NeoMagic Corporation (the "Company") for the period ended December 31, 2023, have not been reviewed by an external auditor. The financial statements have been prepared in accordance with generally accepted accounting principles.

Income Statement
(Unaudited) - USD (\$) \$ in Thousands

	<u>Jan - Dec 22</u>	<u>Jan - Dec 23</u>
Ordinary Income/Expense		
Income		
Credit Memo	(68,758.00)	(58,578.00)
Revenue	<u>1,356,063.31</u>	<u>1,520,354.66</u>
Total Income	1,287,305.31	1,461,776.66
Cost of Goods Sold		
Cost of Goods Sold	<u>568,015.78</u>	<u>564,593.58</u>
Total COGS	<u>568,015.78</u>	<u>564,593.58</u>
Gross Profit	719,289.53	897,183.08
Expense		
Advertising	80,973.56	61,093.01
Bank Service Charges	-	510.68
Dues/Memberships	131.50	236.35
Employee Benefits	272,106.30	575,574.84
Internet	779.40	1,074.74
Misc Exp	3,763.04	18,712.41
Office Supplies	132.18	951.14
Off-Site Storage	-	1,440.00
Online Services	1,085.00	758.47
Professional Fees	40,719.37	15,311.50
Repair & Maintenance	-	223.56
Rent Exp	39,103.06	159,753.84
Shipping & Couriers	5,814.65	1,389.78
Taxes & Licenses	667.43	12,532.45
Telephone Expense	1,169.91	1,484.90
Utilities	-	17,771.22
Worker's Comp & Liability Ins	<u>3,225.57</u>	<u>2,819.37</u>
Total Expense	<u>449,670.97</u>	<u>871,638.26</u>
EBITDA	<u>269,618.56</u>	<u>25,544.82</u>
Depreciation	-	-
Tax	-	-
Net Income	<u><u>269,618.56</u></u>	<u><u>25,544.82</u></u>

Balance Sheet

(Unaudited) - USD (\$) \$ in Thousands

	Dec 31, 22	Dec 31, 23
ASSETS		
Current Assets		
Cash	615,606.85	275,545.00
Total Checking/Savings	615,606.85	275,545.00
Total Current Assets	615,606.85	275,545.00
Other Assets		
Inventory	13,620.00	548,323.00
Investments	23,664.83	15,926.00
Security Deposit	2,408.40	20,000.40
Deferred Tax Assets ("DTA")	4,523,735.00	4,523,735.00
Total Other Assets	4,563,428.23	5,107,984.40
TOTAL ASSETS	<u>5,179,035.08</u>	<u>5,383,529.40</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
Accounts Payable	15,365.00	17,700.97
Other Current Liability	113,655.00	113,655.00
Total Other Current Liabilities	129,020.00	131,355.97
Total Current Liabilities	129,020.00	131,355.97
Long Term Liabilities		
Lease Long Term Liability	9,834.10	253,000.00
Long Term Borrowing		684,393.00
Total Long Term Liabilities	9,834.10	253,000.00
Total Liabilities	138,854.10	1,068,748.97
Equity		
Opening Balance Equity	4,681,900.97	3,956,500.42
Shareholder Contributions	88,661.45	88,661.45
Net Income	269,618.56	269,618.56
Total Equity	5,040,180.98	4,314,780.43
TOTAL LIABILITIES & EQUITY	<u>5,179,035.08</u>	<u>5,383,529.40</u>

Statement of Cash Flow
(Unaudited - Expressed in US Dollars)

	<u>Dec 31, 22</u>	<u>Dec 31, 23</u>
Operating Activities		
Net Income	269619	25545
Depreciation	,	
Adjustments to Net Income	,	
Changes in Other Operating Activities	,	
Total Cash Flow From Operating Activities	269619	25545
Investing Activities		
Capital Expenditures	,	
Investments	,	
Other Cash Flows From Investing Activities	,	
Total Cash Flow From Investing Activities	,	
Financing Activities		
Dividends Paid	,	
Sale/Purchase of Stock	,	
Net Borrowings	,	
Other Cash Flows From Financing Activities	,	
Total Cash Flow From Financing Activities	,	
Change in Cash and Cash Equivalents	269619	25545

Statement of Retained Earnings
(Unaudited - Expressed in US Dollars)

	<u>Dec 31, 23</u>
Retained Earnings	
Retained Earning - December 31. 2019	237175
Retained Earning - December 31. 2020	62643
Retained Earning - December 31. 2021	46170
Retained Earning - December 31. 2022	269619
Retained Earning - December 31. 2023	25545
Dividends Paid	-
Retained Earnings	641152

NEOMAGIC CORPORATION

1. Note - Nature of Operations

NeoMagic Corporation. (the "Company") was incorporated in California in May 1993 and subsequently reincorporated in Delaware in February 1997.

NeoMagic Corporation (the "Company") develops, manufactures and sells applications processors for the hand-held systems market. Marketed under the MiMagic name, NeoMagic's solutions are designed to enable sophisticated multimedia functionality within a low-power, high performance system-on-chip.

In 2023, NeoMagic entered into the multi-billion dollar RF microwave space, with the acquisition of Advanced Microwave Incorporated.

Established in 1995, Advanced Microwave (www.advmic.com) Inc. has earned a distinguished reputation as a pioneering force in the design, R&D, manufacturing, and marketing of cutting-edge RF components, subsystems, mixers, amplifiers, data log Amplifiers, filters and converters tailored for both commercial and military applications.

In 2012, NeoMagic entered into the multi-billion dollar eCommerce space, with the acquisition of MercadoMagico. MercadoMagico is an eCommerce Multi-Vendor platform where people are able to buy and sell products from one another or purchase products directly from MercadoMagico. It allows anyone to set up an online store with a fully customizable, easy to use, secure eCommerce platform, with a variety of tools to help set up and run their business.

The MercadoMagico brand currently has a presence in the US, Mexico, and Venezuela, with future plans to expand into Colombia, Ecuador, Peru, Chile, Dominican Republic, Spain, and Portugal.

2. Note - Summary of Significant Accounting Policies

The following summarizes the more significant accounting and reporting policies and practices of the Company.

a) Statement of Compliance

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP")

b) Accrual Basis

The Company's has prepared these financial statements on the accrual basis of accounting, which recognizes income when earned rather than received and expenses when incurred rather than paid.

c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NeoMagic Corporation
Notes to Unaudited Financial Statements For December 31, 2023

d) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates.

The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between estimates and the actual results, future results of operations will be affected. The impacts of such estimates may be pervasive throughout the financial statements and may require accounting adjustments based on future occurrences.

e) Accounts Receivable

Accounts receivables are based on amounts billed to customers. Accounts receivables are due 30 days after the issuance of an invoice. Accounts that are past due more than 90 days, are considered delinquent and, may have judgments that are in process of collections.

f) Subsequent Events

Management has evaluated subsequent events through December 31, 2023, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

3. Note - Deferred Tax Asset

Deferred Tax Asset is a result of prior years' losses. The actual value of the current DTA is dependent upon various variables.

4. Note - Economic Uncertainty

Given the continuing ongoing economic uncertainty resulting from conflicts in the middle east, a reliable estimate of the impact to NeoMagic cannot be made at the date of authorization of these financial statements. Current and future developments could impact our future financial results, cash flows and financial condition however the management of the Company is hopeful that it will not significantly impact the business of the Company.