

Cermetek Microelectronics, Inc.

Balance Sheet

As of June 30, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Comerica - 0329	11,145.33
Comerica - 0337	90,157.16
US Bank - General - 7538	11,972.35
US Bank - Misc - 6634	0.00
US Bank - Payroll - 6543	7,227.37
Total Bank Accounts	\$120,502.21
Total Current Assets	\$120,502.21
Fixed Assets	
Machinery & Equipment	
Depreciation	-490,248.00
Original cost	490,248.00
Total Machinery & Equipment	0.00
Total Fixed Assets	\$0.00
TOTAL ASSETS	\$120,502.21
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	\$0.00
Credit Cards	\$8,770.11
Other Current Liabilities	\$0.00
Total Current Liabilities	\$8,770.11
Long-Term Liabilities	
Notes Payable	1,099,177.90
Total Long-Term Liabilities	\$1,099,177.90
Total Liabilities	\$1,107,948.01
Equity	
Common Stock	360,271.00
Opening Balance Equity	-9,002,016.56
Paid-In Capital or Surplus	7,539,287.00
Retained Earnings	56,989.93
Net Income	58,022.83
Total Equity	\$ -987,445.80
TOTAL LIABILITIES AND EQUITY	\$120,502.21

Cermetek Microelectronics, Inc.

Profit and Loss

July 2023 - June 2024

	TOTAL
Income	
Sales	269,040.34
Sales of Product Income	12,595.30
USDA Grant	325,000.00
Total Income	\$606,635.64
Cost of Goods Sold	
Cost of Goods Sold	63,817.67
Shipping	4,321.85
Total Cost of Goods Sold	\$68,139.52
GROSS PROFIT	\$538,496.12
Expenses	
Advertising & Marketing	999.00
Website	3,532.76
Total Advertising & Marketing	4,531.76
Bank Charges & Fees	5,477.19
Contractors	119,893.73
Employee WH	11,885.34
Employer Liabilities	8,385.22
Insurance	364.33
Liability	8,202.43
Workman Comp	1,128.86
Total Insurance	9,695.62
Interest Paid	365.71
Legal & Professional Services	1,569.00
Office Supplies & Software	169.51
Payroll costs	4,523.31
R&D	111,142.60
Rent & Lease	40,631.67
Research and Development	18,500.00
Salaries and Wages	81,636.62
Software Development	17,800.00
Taxes & Licenses	12,595.02
UL Compliance	6,254.25
Utilities	25,416.74
Total Expenses	\$480,473.29
NET OPERATING INCOME	\$58,022.83
NET INCOME	\$58,022.83

Cermetek Microelectronics, Inc.

Statement of Cash Flows

July 2023 - June 2024

	TOTAL
OPERATING ACTIVITIES	
Net Income	58,022.83
Adjustments to reconcile Net Income to Net Cash provided by operations:	-8,340.05
Net cash provided by operating activities	\$49,682.78
FINANCING ACTIVITIES	\$15,000.00
NET CASH INCREASE FOR PERIOD	\$64,682.78
Cash at beginning of period	55,819.43
CASH AT END OF PERIOD	\$120,502.21

Cermetek Microelectronics, Inc.
Retained Earnings / Equity Comparison
As of June 30, 2024

	Total	
	As of Jun 30, 2024	As of Jun 30, 2023
Equity		
Common Stock	360,271.00	360,271.00
Opening Balance Equity	(9,002,016.56)	(9,002,016.56)
Paid-In Capital or Surplus	7,539,287.00	7,539,287.00
Retained Earnings	56,989.93	116,635.17
Net Income	58,022.83	(59,645.24)
Total Equity	(987,445.80)	(1,045,468.63)

Cermetek Microelectronics, Inc.

Notes to financials

1. General Information

a. Cermetek Microelectronics, Inc. (the Company) is a Corporation incorporated in the State of Delaware.

b. The address of the Company's principal place of business is 2211 Fortune Dr., Ste B, San Jose, CA 95131.

c. The Company is in the business of manufacturing and selling industrial use modems. Currently under development is an agricultural irrigation control sensor for use in the growing fields of America.

2. Basis of accounting

a. Accounting policies are in accordance with GAAP.

b. Company financials in accordance with GAAP are prepared on an accrual basis.

3. Inventories

a. Inventories are valued at the lower of cost or market and recorded on a first in first out basis (FIFO).

4. Equipment

a. Equipment is stated at historical cost and depreciated over 7 years using a straight line method.

5. Intangibles

a. Cermetek is the sole licensee of the irrigation sensor technology from UC Davis and owns exclusive, world-wide rights to develop, manufacture and sell products based on that technology.

6. Long Term Debt

a. The long-term debt carried by the company is made up of funds provided by former executives who supplied loans to the company in 2012 to help the company move forward with the irrigation sensor development. These long-term notes are carried at

6% interest accrued annually. Repayment will begin when company has reached \$5 million in revenues. The accrued interest and principal will be paid over 10 years.

The long-term debt carried by 2Sentient is an additional line of credit used to provide working capital and fund current research & development. This line of credit is carried at 6% interest per annum and repayment will begin when revenue reaches \$5 million. This line of credit is in first position for repayment over any other debt incurred, and payment will be made over 5 years.

7. Approval

a. These financial statements were approved by the board of directors and authorized for issue on July 31, 2024.