



FINANCIAL STATEMENTS

FOR PERIOD ENDED
DECEMBER 31, 2024

(Unaudited - Expressed in US Dollars)

TABLE OF CONTENTS

FINANCIAL STATEMENTS.....	1
TABLE OF CONTENTS.....	2
NOTICE TO READER.....	3
INCOME STATEMENT.....	4
BALANCE SHEET.....	5
STATEMENT OF CASH FLOW.....	6
STATEMENT OF RETAINED EARNINGS.....	6
NEOMAGIC CORPORATION.....	7
1. NOTE - NATURE OF OPERATIONS.....	7
2. NOTE - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	7
a) Statement of Compliance.....	7
b) Accrual Basis	7
c) Cash and Cash Equivalents	7
d) Estimates	8
e) Accounts Receivable	8
f) Subsequent Events.....	8
3. NOTE - DEFERRED TAX ASSET.....	8
4. NOTE - ECONOMIC UNCERTAINTY.....	8

NOTICE TO READER

The accompanying unaudited consolidated financial statements of NeoMagic Corporation (the “Company”) for the period ended December 31, 2024, 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 23</u>		<u>Jan - Dec 24</u>
Ordinary Income/Expense		Ordinary Income/Expense	
Income		Income	
Credit Memo	(58,578.00)	Sales	1,169,616.00
Revenue	1,520,354.66	Revenue	1,169,616.00
Total Income	1,461,776.66	Credit Memo	(68,758.00)
Cost of Goods Sold		Total Income	1,100,858.00
Cost of Goods Sold	564,593.58	Cost of Goods Sold	
Total COGS	564,593.58	Direct Material Cost	161,301.62
Gross Profit	897,183.08	Parts & Supplies Purchased	44,606.09
Expense		Total COGS	205,907.71
Advertising	61,093.01	Total COGS	232,297.87
Bank Service Charges	510.68	Gross Profit	868,560.13
Dues/Memberships	236.35	Expense	
Employee Benefits	575,574.84	Advertising	60,522.12
Internet	1,074.74	Dues/Memberships	0.00
Misc Exp	18,712.41	Employee Benefits	578,205.51
Office Supplies	951.14	Utilities	17,855.42
Off-Site Storage	1,440.00	Office Supplies	1,635.08
Online Services	758.47	Online Services	1,266.24
Professional Fees	15,311.50	Professional Fees	8,808.09
Repair & Maintenance	223.56	Rent Exp	160,435.43
Rent Exp	159,753.84	Shipping & Couriers	1,795.91
Shipping & Couriers	1,389.78	Taxes & Licenses	8,338.51
Taxes & Licenses	12,532.45	Telephone Expense	1,321.87
Telephone Expense	1,484.90	Worker's Comp & Liability In	2,338.75
Utilities	17,771.22	Misc Exp	13,741.14
Worker's Comp & Liability Ins	2,819.37		
Total Expense	871,638.26	Total Expense	842,522.93
EBITDA	25,544.82	EBITDA	26,037.20
Depreciation	-	Depreciation	-
Tax	-	Tax	-
Net Income	25,544.82	Net Income	26,037.20

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

	<u>Dec 31, 23</u>		<u>Dec 31, 24</u>
ASSETS		ASSETS	
Current Assets		Current Assets	
Cash	<u>275,545.00</u>	Cash	<u>254,022.22</u>
Total Checking/Savings	<u>275,545.00</u>	Total Checking/Savings	<u>254,022.22</u>
Total Current Assets	275,545.00	Total Current Assets	254,022.22
Other Assets		Other Assets	
Inventory	548,323.00	Inventory	458,718.29
Investments	15,926.00	Investments	23,664.83
Security Deposit	20,000.40	Security Deposit	22,476.86
Deferred Tax Assets ("DTA")	<u>4,523,735.00</u>	Deferred Tax Assets ("DTA")	<u>4,523,735.00</u>
Total Other Assets	<u>5,107,984.40</u>	Total Other Assets	<u>5,028,594.98</u>
TOTAL ASSETS	<u>5,383,529.40</u>	TOTAL ASSETS	<u>5,282,617.20</u>
LIABILITIES & EQUITY		LIABILITIES & EQUITY	
Liabilities		Liabilities	
Current Liabilities		Current Liabilities	
Other Current Liabilities		Other Current Liabilities	
Accounts Payable	17,700.97	Accounts Payable	43,579.39
Other Current Liability	<u>113,655.00</u>	Other Current Liability	<u>113,655.00</u>
Total Other Current Liabilities	<u>131,355.97</u>	Total Other Current Liabilities	<u>157,234.39</u>
Total Current Liabilities	131,355.97	Total Current Liabilities	157,234.39
Long Term Liabilities		Long Term Liabilities	
Lease Long Term Liability	253,000.00	Lease Long Term Liability	<u>85,201.83</u>
Long Term Borrowing	<u>684,393.00</u>	Total Long Term Liabilities	<u>85,201.83</u>
Total Long Term Liabilities	<u>253,000.00</u>	Total Liabilities	242,436.22
Total Liabilities	1,068,748.97	Equity	
Equity		Opening Balance Equity	4,681,900.97
Opening Balance Equity	3,956,500.42	Shareholder Contributions	88,661.45
Shareholder Contributions	88,661.45	Net Income	<u>269,618.56</u>
Net Income	<u>269,618.56</u>	Total Equity	<u>5,040,180.98</u>
Total Equity	<u>4,314,780.43</u>	TOTAL LIABILITIES & EQUITY	<u>5,282,617.20</u>
TOTAL LIABILITIES & EQUITY	<u>5,383,529.40</u>		

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

	<u>Dec 31, 23</u>	<u>Dec 31, 24</u>
Operating Activities		
Net Income	25545	26037
Depreciation	-	-
Adjustments to Net Income	-	-
Changes in Other Operating Activities	-	-
Total Cash Flow From Operating Activities	25545	26037
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	-	-
Other Cash Flows From Financing Activities	-	-
Total Cash Flow From Financing Activities	-	-
Change in Cash and Cash Equivalents	25545	26037

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

	<u>Dec 31, 24</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
Retained Earning - December 31, 2024	26037
Dividends Paid	-
Retained Earnings	667189

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 2024, 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, 2024

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, 2024, 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

The current administration's implementation of tariffs and related threats has contributed to market instability, heightening concerns about a potential recession. This has increased uncertainty in the market, disrupting predictability and making it difficult for NeoMagic to accurately forecast corporate earnings, supply chain costs, and global market demand. As of the date of authorization of these financial statements, a reliable estimate of the impact on NeoMagic cannot be determined. While current and future developments may influence the Company's financial results, cash flows, and financial condition, management remains optimistic that these factors will not significantly affect the business.