

TMM, INC.

COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 and DECEMBER 31, 2024

TMM, INC  
COMPARATIVE CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash in Bank	375	287
Deposit on Co-Development Project (Note 3)	150,000	150,000
Prepaid Expenses	<u>6,250</u>	<u>- 0 -.</u>
<u>TOTAL CURRENT ASSETS</u>	<u>156,625</u>	<u>150,287</u>
<u>Product Design &amp; Development Costs (Note 3)</u>		
VDK Codec Costs Capitalized	2,005,215	2,005,215
New Code Review and Development	<u>3,308,719</u>	<u>3,308,719</u>
Total Product Design, Development And Fixed Asset Costs	5,313,934	5,313,934
Less: Amortization to Date (Note 1)	<u>(5,313,934)</u>	<u>(5,313,934)</u>
<u>NET PRODUCT DESIGN &amp; DEVELOPMENT COSTS</u>	<u>- 0 -</u>	<u>- 0 -.</u>
<u>Other Assets</u>		
Investment Brazil Venture (Note 11)	<u>735,000</u>	<u>- 0 -.</u>
<u>TOTAL ASSETS</u>	<u>891,625</u>	<u>150,287</u>
<u>LIABILITIES AND SHAREHOLDER EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Accrued Expenses (Notes 4, 5 & 8)	893,339	508,843
Short Term Loans Payable (Notes 8 & 10)	<u>1,652,962</u>	<u>868,162</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>2,546,301</u>	<u>1,377,005</u>
<u>TOTAL LIABILITIES</u>	<u>2,546,301</u>	<u>1,377,005</u>
<u>SHAREHOLDER EQUITY (Notes 6, 7, 9 &amp; 13)</u>		
Capital Stock:		
Preferred stock, 49,000,000 shares authorized, 1,810,000 issued and outstanding.		
Preferred "B", 1,000,000 shares authorized - 650,000 outstanding		
Common stock, \$0.001 par value 900,000,000 shares authorized 662,471,809 issued and outstanding	994,688	992,188
Additional Paid in Capital	31,334,276	31,286,776
Retained Earnings	<u>(33,983,640)</u>	<u>(33,505,682)</u>
<u>TOTAL SHAREHOLDER EQUITY</u>	<u>(1,654,676)</u>	<u>(1,226,718)</u>
<u>TOTAL LIABILITIES AND SHAREHOLDER EQUITY</u>	<u>891,625</u>	<u>150,287</u>

See accompanying notes to financial statements

TMM, INC  
COMPARATIVE CONSOLIDATED INCOME STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>EXPENSES</u>		
Bank Charges	2,085	721
Consultants	38,980	- 0 -
Interest Expense (Note 8)	84,197	50,987
Office Expenses	14,296	4,501
Legal Fees	<u>38,400</u>	<u>12,000</u>
<u>TOTAL EXPENSES</u>	<u>177,958</u>	<u>68,209</u>
<u>NET LOSS FROM OPERATIONS</u>	(177,958)	(68,209)
<u>OTHER INCOME (LOSS)</u>		
Legal Fees Awarded (Note 5)	<u>(300,000)</u>	<u>- 0 -.</u>
<u>NET LOSS</u>	(477,958)	(68,209)
<u>Retained Earnings - Beginning</u>	<u>(33,505,682)</u>	<u>(33,437,473)</u>
<u>RETAINED EARNINGS - ENDING</u>	<u>(33,983,640)</u>	<u>(33,505,682)</u>

See accompanying notes to financial statements

TMM, INC  
COMPARATIVE CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Income (Loss)	<u>(477,958)</u>	<u>(68,209)</u>
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided or Used by Operating Activities:		
Change in Prepaid Expenses	(6,250)	3,500
Change in Accrued Expenses	<u>384,496</u>	<u>50,987</u>
<u>TOTAL ADJUSTMENTS</u>	<u>378,246</u>	<u>54,487</u>
<u>NET CASH USED BY OPERATIONS</u>	(99,712)	(13,722)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment in Brazil Venture	(735,000)	- 0 -
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Issuance of Common Stock	2,500	- 0 -
Increase in Additional Paid in Capital	47,500	- 0 -
Change in Loans Payable	<u>784,800</u>	<u>12,300</u>
<u>NET CASH FROM FINANCING ACTIVITIES</u>	<u>834,800</u>	<u>12,300</u>
 <u>NET CHANGE IN CASH</u>	88	(1,422)
 CASH AT BEGINNING OF PERIOD	<u>287</u>	<u>1,709</u>
 CASH AT END OF PERIOD	<u><u>375</u></u>	<u><u>287</u></u>
 Supplemental Information:		
Cash Paid For Interest	- 0 -	- 0 -

See accompanying notes to financial statements

TMM, INC  
**COMPARATIVE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024**

	<u>CAPITAL STOCK (\$)</u>	<u>PREFERRED SHARES (#)</u>	<u>COMMON SHARES (#)</u>	<u>ADDITIONAL PAID IN CAPITAL</u>	<u>PRIVATE PLACEMENT PROCEEDS</u>	<u>ACCUMULATED DEFICIT</u>	<u>TOTAL</u>
<u>BALANCE AT DECEMBER 31, 2023</u>	992,188	2,810,000	589,971,809	31,286,776	- 0 -	(33,437,473)	(1,158,509)
2024 Activity:							
2024 Net (Loss)						(68,209)	(68,209)
<u>BALANCE DEC 31, 2024</u>	<u>992,188</u>	<u>2,810,000</u>	<u>589,971,809</u>	<u>31,286,776</u>	<u>- 0 -</u>	<u>(33,505,682)</u>	<u>(1,226,718)</u>
<hr/>							
	<u>CAPITAL STOCK (\$)</u>	<u>PREFERRED SHARES (#)</u>	<u>COMMON SHARES (#)</u>	<u>ADDITIONAL PAID IN CAPITAL</u>	<u>PRIVATE PLACEMENT PROCEEDS</u>	<u>ACCUMULATED DEFICIT</u>	<u>TOTAL</u>
<u>BALANCE AT DECEMBER 31, 2024</u>	992,188	2,810,000	589,971,809	31,286,776	- 0 -	(33,505,682)	(1,226,718)
2025 Activity:							
Private Placement	2,500		2,500,000	47,500			50,000
Conversion of Preferred B to Common	- 0 -	(350,000)	70,000,000				- 0 -
2025 Net (Loss)						(477,958)	(477,658)
<u>BALANCE DEC 31, 2025</u>	<u>994,688</u>	<u>2,460,000</u>	<u>662,471,809</u>	<u>31,334,276</u>	<u>- 0 -</u>	<u>(33,983,640)</u>	<u>(1,654,376)</u>

See accompanying notes to financial statements

TMM, INC  
NOTES TO COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of TMM, Inc (the Company) and Digital Focus Inc, its wholly owned subsidiary, is presented to assist in understanding the Company's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

BUSINESS ACTIVITY

TMM, Inc is in the business of developing high resolution video technology. The Company possesses TRUDEF™ digital video compression technology and video scaling technologies. The original fractal codec was developed in the early 1990's in collaboration with Iterated Systems, Inc. The Company has contracted programmers to modernize, develop and test various new proprietary commercial software products and is in Co-Development with other third party technology companies to create new integrated platforms. See Note 11 regarding the Company's entry in the Passive Lotteries operation in Brazil in March 2025.

METHOD OF ACCOUNTING

The Company keeps its books on the accrual basis.

USE OF ESTIMATES AND ASSUMPTIONS

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

INCORPORATION

The Company was incorporated on October 8, 1986, in the State of Nevada.

INCOME TAXES

Income Taxes are provided currently for all items included in the Statement of Income regardless of when such taxes are payable. Deferred taxes arise from the recognition of revenues and expenses in different periods for tax and financial statement purposes.

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NOTES TO COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS  
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CONSOLIDATION

These financial statements present the consolidated information of TMM, Inc. and Digital Focus, Inc., its wholly owned subsidiary. See Note 7.

DEPRECIATION & AMORTIZATION

Code Development and certain legal costs previously capitalized have been amortized using the straight line method over the estimated useful lives of the assets. Depreciation and Amortization are now complete and the assets are fully depreciated and amortized.

2. BASIS OF PRESENTATION

These financial statements have been compiled from data provided by management. These statements have not been audited or reviewed and accordingly, no opinion or any other form of assurance is expressed on them. See Note 10 regarding going concern considerations.

3. COMPOSITION OF CERTAIN ASSET ACCOUNTS

**VDK Codec Costs Capitalized:** Represents historical costs previously capitalized and fully amortized for the development of the VDK Codec code.

**Code Review and Enhancements:** Represent funds spent to review, update and enhance the Company's software as well as develop new software. These costs have been fully amortized as of the balance sheet date.

**Deposit on Co-Development Project:** Represents a deposit made by the Company for participation in a Co-Development project with virtual character pioneer CodeBaby, Inc. The Co-Development focuses on the utilization of CodeBaby's next generation emotionally intelligent avatars designed to be integrated with TMMI and other technologies. In addition to the \$150,000 deposit previously made, the company has committed to an additional \$100,000 in funding to the Co-Development project. As of the balance sheet date, the co-development is under exploration in conjunction with TMMI's venture in the Passive Lotteries in Brazil.

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4. ACCRUED EXPENSES

In May 2016, several law firms representing the Company presented invoices for accumulated legal services related to the litigation referenced in Note 5 and also for legal services in connection with securing patents for the Company's updated and new technology.

In 2017 the Company settled certain amounts due to the various law firms in the amount of \$283,056. The unsettled amounts of \$161,856 remain as a liability and are included in accrued expenses.

5. LITIGATION

On March 11, 2013, the Company and its subsidiary, Digital Focus, Inc. (DFI), filed a lawsuit in the Eighth Judicial District Court for Clark County, Nevada (the "Court") against Dimension, Inc. and related parties in order to protect and resolve its rights as to certain intellectual property. In response to the Company's complaint, Dimension filed a cross-complaint alleging ten causes of action, among them malicious prosecution, and declaratory relief. In recent years, however, the Company has completed development of new digital compression and scaling technologies that are unrelated to the Company's original technology that is the subject of the lawsuit. The Company's new technologies include new proprietary algorithms that are described at least in part in provisional patent applications filed by the Company in 2015. As a result of such new product developments, the Company no longer saw the need to continue to spend valuable resources litigating over technology that was not in development by the Company. Accordingly, upon motion made by the Company and granted by the Court, the Company's claims against the Defendants were voluntarily dismissed on January 21, 2016. On or about April 25, 2016, the Court granted in part TMMI's motion for summary judgment on Dimension's counterclaims and dismissed almost all of Dimension's counterclaims, leaving only abuse of process and declaratory relief claims. Ultimately, Dimension dismissed the abuse of process claim without prejudice. After a trial held in November of 2016, the Court entered judgment in Dimension's favor and against the Company, declaring that Dimension was the owner of the

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specific PVS/SGI license in question. Following the trial, Dimension filed a motion for an award of attorney's fees, which the Court denied. Costs in the approximate amount of \$54,000 were awarded to Dimension. Both parties appealed to the Nevada Supreme Court, and in December of 2018, the Nevada Supreme Court upheld both the declaratory judgment in favor of Dimension and in favor of TMMI on the denial of Dimension's motion for attorney's fees.

In July of 2019, despite its prior dismissal of its abuse of process claim, Dimension filed a new case in the Court against the Company and certain of its current and former officers, again seeking attorney fees alleging an abuse of process claim related to the original suit described above. In September of 2019, the Company moved to dismiss this new suit based on Nevada's Anti-SLAPP statute. The Company's motion to dismiss was denied based upon a technical ruling and the Company took an interlocutory appeal of the decision to the Nevada Supreme Court. At a settlement conference held in February 2020, the parties agreed in principle to settle the litigation and any and all claims between them. Ultimately, that settlement failed.

TMMI subsequently filed a motion to voluntarily withdraw its appeal of the Anti-SLAPP decision in order to pursue its cross claim against Dimension, Inc., which the court granted October 29, 2020. The Company proceeded with the litigation and filed its counter claim against Dimension, Inc. for damages in excess of \$5,000,000. On December 7, 2021, TMMI also filed a claim against Lawrence Panik, former president of Dimension, Inc., who is a former shareholder in TMMI, for claims including using inside information to usurp the Company's corporate opportunities against the interests of all TMMI shareholders. On March 8, 2022 Lawrence Panik's motion to dismiss the suit against him was denied and he has filed an appeal.

TMMI prevailed in its challenge to the Dimension, Inc. Anti-SLAAP claim with the State Court denying Dimension, Inc. Dimension Inc. appealed the State Court Court's decision. The Nevada Appellate Court remanded the case back to the State Court. TMMI subsequently

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sought to end the Anti-SLAAP claims to focus resources on the underlying claim brought by Dimension, Inc. The court ultimately awarded \$300,000 in Legal fees regarding the Anti-SLAAP issue. This award has been accrued at the balance sheet date.

6. ADDITIONAL STOCK ISSUANCE AND CANCELLATION

At the balance sheet date, there were 20,000,000 shares of common stock recovered by the Company as a result of the settlements of litigation initiated by the Company against former management members and a vendor for its non-performance under a contract. 16,250,000 shares have been returned and cancelled and additional 3,750,000 shares are still in the process of being returned to the Company to be cancelled.

In addition, the Company increased its Common Shares to complete the conversion of debt and investment instruments (See Note 9).

7. ACQUISITION OF DIGITAL FOCUS, INC

On June 8, 2012 TMM, Inc. completed the acquisition of the outstanding shares of Digital Focus, Inc. a California corporation. Digital Focus, Inc.'s sole asset is a license agreement to the PVS/SGI code from Iterated Systems, Inc. that is was the subject of the litigation referenced in Note 5.

8. LOANS PAYABLE

	<u>2025</u>	<u>2024</u>
Loans Payable comprise the following:		
Loans advanced by certain shareholders of the company which matured in October 2022. The loans accrue interest at the rates of 4% to 7%. Interest expense of \$50,986 has been accrued for 2025 and \$50,535 for 2024.	867,862	868,162
Loans advanced by certain shareholders of the Company. These loans mature in March 2026 and are secured by all Company Assets and specifically the Investment in the Brazil Venture which they directly funded.		
. The loans accrue interest at the rate of 6%. Interest expense of \$33,211 has been accrued for 2025.	<u>785,100</u>	<u>- 0 -</u>

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	<u>2025</u>	<u>2024</u>
<u>Total Loans Payable</u>	1,652,962	868,162
Less: Long Term Portion	<u>- 0 -</u>	<u>- 0 -</u>
<u>Short Term Portion of Loans Payable</u>	<u>1,652,962</u>	<u>868,162</u>

See Note 10 Regarding Going Concern Consideration

9. PREFERRED SERIES B STOCK

In December 2017 the Company created 1,000,000 shares of Preferred Series B Stock out of the 50 Million Shares of Preferred Stock Authorized. This class of Preferred Stock has a par value of \$0.001 and has no dividend rights except as may be declared by the Board of Directors.

The holders of the Preferred Series B stock shall be entitled to participate in the distribution of assets upon dissolution or liquidation of the company.

The Preferred Series B stock has conversion rights of 200 shares of common for 1 share of Preferred B.

In April 2025, 350,000 shares of Preferred B stock was converted to 70,000,000 shares of Common Stock. In March 2026 the remaining 650,000 shares of Preferred B were converted to 130,000,000 shares of common and the Preferred B were retired.

10. GOING CONCERN CONSIDERATIONS

Financial Statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) assume a company will continue as a going concern for 12 months from the issuance of its report. In 2025 the Company has short term debt in the amount of \$1,652,862 with accrued interest of \$427,292 related to that debt and legal fees awarded of \$300,000. Meanwhile the Company had cash of \$375 at December 31, 2025. In 2024 the Company had short term debt of \$868,162 with accrued interest of \$343,095 related to that debt, and cash of \$227. Therefore, the Company's ability to continue as a going concern is in doubt. The Company must re-negotiate an extension of the debt or repay the debt and legal fee assessment since it has all matured or will mature within 12 months.

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Should the Company not be successful in obtaining extensions of the maturity dates, repay the debt and legal fees payable the Company's ability to continue as a going concern is in jeopardy.

11. INVESTMENT IN LMR SERVICES, LTDA.

The Company has entered a contract with LMR Services, Ltda, for participation in a licensed operation in Brazil for charitable Passive Lotteries in March 2025.

The Company's investment is initially a convertible debt instrument. The Company has the right to convert this to an equity position when all foreign entity registration and licensing have been filed and approved.

The agreement provides for a 25% stake in the operation if converted to an equity position.

This investment has been pledged as collateral for the loans which the Company incurred in order to fund it.

12. EARNINGS (LOSS) PER SHARE INFORMATION

Earnings (Loss) per share for 2025 and 2024 are as follows:

	<u>Earnings Per Share</u>	<u>Earnings Per Share (Fully Diluted)</u>
<u>Loss for 2025</u>	<u>(477,958)</u>	<u>(477,958)</u>
<u>Shares Outstanding:</u>		
Preferred	1,810,000	1,810,000
Preferred "B"	650,000	- 0 -
Common	662,471,809	792,471,809
Shares to be Cancelled	<u>(3,750,000)</u>	<u>(3,750,000)</u>
<u>Total Shares</u>		
<u>Equivalents</u>	<u>661,181,809</u>	<u>790,531,809</u>
<u>Earnings Per Share</u>	(\$0.00072)	(\$0.00061)

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	<u>Earnings Per Share</u>	<u>Earnings Per Share (Fully Diluted)</u>
<u>Loss for 2024</u>	<u>(68,209)</u>	<u>(68,209)</u>
<u>Shares Outstanding:</u>		
Preferred	1,810,000	1,810,000
Preferred "B"	1,000,000	- 0 -
Common	589,971,809	789,971,809
Shares to be Cancelled	<u>(3,750,000)</u>	<u>(3,750,000)</u>
<u>Total Shares</u>		
<u>Equivalents</u>	<u>589,031,809</u>	<u>788,031,809</u>
<u>Earnings Per Share</u>	(\$0.00012)	(\$0.00009)

13. SUBSEQUENT EVENT

See Note 9 regarding the March 2026 conversion of 650,000 Preferred shares to 130,000,000 shares of Common Stock