

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2025**

OR

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

For the transition period from _____ to _____

Commission file number **001-42575**

NEWSMAX INC.
(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

99-2600308

(I.R.S. Employer Identification No.)

750 Park of Commerce Drive, Suite 100, Boca Raton, Florida

(Address of Principal Executive Offices)

33487

(Zip Code)

(561) 686-1165

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class B Common Stock, par value \$0.001 per share	NMAX	New York Stock Exchange

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.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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

Smaller reporting company

Emerging growth company

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 Act).

Yes No

As of August 19, 2025, a total of 39,239,297 shares of Class A common stock, par value \$0.001 per share, and 89,810,499 shares of Class B common stock, par value \$0.001 per share were issued and outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q contains certain forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any statements in this Quarterly Report on Form 10-Q about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “believes,” “will,” “expects,” “anticipates,” “estimates,” “predicts,” “potential,” “continues,” “intends,” “plans” and “would” or the negative of these terms or other comparable terminology. For example, statements concerning financial condition, possible or assumed future results of operations, growth opportunities, and plans are all forward-looking statements. Our forward-looking statements are based on a series of expectations, assumptions, estimates and projections about our company, are not guarantees of future results or performance and involve substantial risks and uncertainty. They involve known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to differ materially from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement. We may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including the risks and uncertainties inherent in our statements regarding:

- current or future financial performance;
- management’s plans and objectives for future operations;
- uncertainties associated with product research and development;
- uncertainties associated with dependence upon the actions of government regulatory agencies;
- product plans and performance;
- management’s assessment of market factors; and statements regarding our strategy and plans.

All of our forward-looking statements are as of the date of this Quarterly Report on Form 10-Q only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report on Form 10-Q or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”) could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report on Form 10-Q that modify or impact any of the forward-looking statements contained in this Quarterly Report on Form 10-Q will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

This Quarterly Report on Form 10-Q may include market data and certain industry data and forecasts, which we may obtain from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications, articles and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. While we believe that such studies and publications are reliable, we have not independently verified market and industry data from third-party sources.

Part I - Financial Information

Item 1. Financial Statements

NEWSMAX INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33,842,039	\$ 24,052,887
Investments	164,052,830	58,310,955
Accounts receivable, net	29,553,260	28,265,721
Inventories, net	1,640,952	1,792,697
Prepaid expenses and other current assets	8,209,833	8,925,294
Total current assets	237,298,914	121,347,554
Property and equipment, net	6,187,097	6,225,617
Right of use asset, operating lease	5,431,334	7,191,606
Other assets	10,282,124	10,698,660
Security deposits	598,319	609,426
Total assets	\$ 259,797,788	\$ 146,072,863
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 15,729,014	\$ 14,670,846
Accrued expenses	7,772,710	9,882,720
Accrued payroll	1,973,340	2,220,872
Accrued distribution	895,071	1,068,366
Deferred revenue	11,511,584	13,652,699
Lease liability, operating lease	3,555,150	3,894,102
Lease liability, finance lease	190,239	199,237
Settlement liability	53,231,010	29,099,265
Warrant liability	-	6,499,821
Derivative liability	-	41,459,418
Total current liabilities	94,858,118	122,647,346
Long-term liabilities:		
Deferred revenue, net of current portion	2,926,255	2,835,218
Lease liability, operating lease, net of current portion	2,494,520	4,049,256
Lease liability finance lease, net of current portion	33,933	129,930
Share repurchase liability	5,301,080	-
Other long-term liabilities	1,000,000	-
Settlement liability, net of current portion	46,330,986	25,477,941
Total liabilities	152,944,892	155,139,691
Commitments and contingencies (Note 11)		
Convertible and redeemable preferred stock, \$0.001 par value; 11,034 shares authorized; and 0 and 5,575 shares issued and outstanding as of June 30, 2025 and December 31, 2024	-	128,576,901
Stockholders' equity (deficit)		

Convertible and redeemable preferred stock, \$0.001 par value; 60,000 shares authorized; and 0 and 27,612 shares issued and outstanding as of June 30, 2025 and December 31, 2024	-	86,742,045
Class A common stock, 0.001 par value; 50,000,000 shares authorized; 39,239,297 shares issued and outstanding; Class B common stock, 0.001 par value; 940,000,000 shares authorized 89,768,339 shares issued and outstanding at June 30, 2025. Class A common stock, 0.001 par value; 20,000 Class A shares authorized; 68,127,538 Class A shares issued and outstanding at December 31, 2024; 60,000 Class B shares authorized; 0 Class B shares issued and outstanding at December 31, 2024 ⁽¹⁾	129,008	10
Treasury stock, 0 and 27,061,584 shares at cost, respectively	-	(14,622,222)
Additional paid-in capital	426,631,367	18,056,702
Accumulated other comprehensive income (loss)	876,320	(52,849)
Accumulated deficit	(320,783,799)	(227,767,415)
Total stockholders' equity (deficit)	106,852,896	(137,643,729)
Total liabilities, convertible and redeemable preferred stock and stockholders' equity (deficit)	\$ 259,797,788	\$ 146,072,863

⁽¹⁾ On March 28, 2025, the Company announced a 6,765.396 for 1 stock split, effective March 31, 2025. This stock split is reflected retroactively in all periods presented for the common shares issued and outstanding. See Note 1. Nature of Business.

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

NEWSMAX INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Revenues:				
Service revenue	\$ 44,884,207	\$ 37,746,093	\$ 88,619,548	\$ 76,909,470
Product revenue	1,555,537	1,480,639	3,121,904	2,916,907
Total revenues	46,439,744	39,226,732	91,741,452	79,826,377
Cost of services	27,758,685	21,073,281	52,407,148	41,576,599
Cost of products sold	1,039,298	1,431,756	2,230,404	2,623,036
Gross profit	17,641,761	16,721,695	37,103,900	35,626,742
General and administrative expenses:				
Personnel costs	8,614,761	6,047,773	16,628,179	11,839,569
Advertising costs	5,941,417	3,852,379	10,359,871	8,344,979
Professional fees	4,766,085	1,132,068	7,390,549	2,470,818
Rent and utilities	1,540,453	1,472,394	2,990,244	2,969,458
Depreciation	734,590	820,044	1,471,465	1,625,093
Other corporate matters	68,437,098	5,838,233	78,104,701	59,074,353
Other	4,012,806	2,309,934	8,137,119	4,896,946
Total general and administrative expenses	94,047,210	21,472,825	125,082,128	91,221,216
Loss from operations	(76,405,449)	(4,751,130)	(87,978,228)	(55,594,474)
Other income (expense), net				
Interest and dividend income	1,802,054	26,168	2,856,340	53,461
Interest expense	(7,456)	(22,377)	(13,511)	(48,162)
Unrealized (loss) gain on marketable securities	(500,736)	(34,772)	1,084,844	128,574
Other, net	(54,342)	(28,461)	(8,342,898)	(31,686)
Total other income (expense), net	1,239,520	(59,442)	(4,415,225)	102,187
Net loss before income taxes	(75,165,929)	(4,810,572)	(92,393,453)	(55,492,287)
Income tax expense	9,693	18,988	14,693	20,960
Net loss	\$ (75,175,622)	\$ (4,829,560)	\$ (92,408,146)	\$ (55,513,247)
Other comprehensive income:				
Unrealized gain on available for sale debt investments, net of income tax	446,778	—	929,169	—
Comprehensive loss	\$ (74,728,844)	\$ (4,829,560)	\$ (91,478,977)	\$ (55,513,247)

Weighted average common stock outstanding, basic and diluted ⁽¹⁾		128,333,356		41,065,954		86,938,585		41,065,954
Net loss per share attributable to common stockholders, basic and diluted	\$	(0.59)	\$	(0.15)	\$	(1.12)	\$	(1.42)

⁽¹⁾ On March 28, 2025, the Company announced a 6,765.396 for 1 stock split, effective March 31, 2025. This stock split is reflected retroactively in all periods presented for the common shares issued and outstanding. See Note 1. Nature of Business.

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

NEWSMAX INC.
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE AND REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS'
EQUITY (DEFICIT)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Unaudited)

	Convertible and Redeemable Series A Preferred Stock		Class A and Class B Common Stock ⁽¹⁾		Convertible and Redeemable Series B Preferred Stock		Treasury Stock ⁽¹⁾		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, December 31, 2024	5,575	\$ 128,576,901	41,065,954	\$ 10	27,612	\$ 86,742,045	27,061,584	\$ (14,622,222)	\$ 18,056,702	\$ (52,849)	\$ (227,767,415)	\$ (137,643,729)
Dividends accretion	—	\$ 608,238	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ (608,238)	\$ (608,238)
Other comprehensive income	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ 482,391	\$ —	\$ 482,391
Sale of preferred stock Series B	—	\$ —	—	\$ —	17,379	\$ 51,982,894	—	\$ —	—	\$ —	\$ —	\$ 51,982,894
Issuance of equity-classified warrants	—	\$ —	—	\$ —	—	\$ 1,144,976	—	\$ —	—	\$ —	\$ —	\$ 1,144,976
Issuance of common stock, net of offering cost and expenses	—	\$ —	7,500,000	\$ 7,500	—	\$ —	—	\$ —	\$ 66,075,911	\$ —	\$ —	\$ 66,083,411
Dividends	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ (915,069)	\$ —	\$ —	\$ (915,069)
Recapitalization and conversion of preferred stock	(5,575)	\$ (129,185,139)	79,623,230	\$ 120,672	(44,991)	\$ (139,869,915)	(27,061,584)	\$ 14,622,222	\$ 329,312,157	\$ —	\$ —	\$ 204,185,136
Stock-based compensation	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ 1,577,109	\$ —	\$ —	\$ 1,577,109
Warrant Liability conversion	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ 8,324,000	\$ —	\$ —	\$ 8,324,000
Net loss	—	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ —	\$ —	\$ (17,232,524)	\$ (17,232,524)
Balance, March 31, 2025	—	\$ —	128,189,184	\$ 128,182	—	\$ —	—	\$ —	\$ 422,430,811	\$ 429,542	\$ (245,608,177)	\$ 177,380,358

Other comprehensive income	—	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	446,778	\$	—	\$	446,778		
Stock-based compensation	—	\$	—	—	\$	—	—	\$	—	—	\$	3,417,685	\$	—	\$	—	\$	—	\$	3,417,685	
Exercise of stock options into common stock, net of tax withholding	—	\$	—	809,593	\$	824	—	\$	—	—	\$	—	—	\$	1,405,819	\$	—	\$	—	\$	1,406,643
Offering costs and expenses	—	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	(1,187,946)	\$	—	\$	—	\$	(1,187,946)
Standby Equity Purchase Agreement commitment fee	—	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	500,000	\$	—	\$	—	\$	500,000
Additional stock issuance	—	\$	—	8,859	\$	2	—	\$	—	—	\$	—	—	\$	64,998	\$	—	\$	—	\$	65,000
Net loss	—	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	—	\$	—	\$	(75,175,622)	\$	(75,175,622)
Balance, June 30, 2025	—	\$	—	129,007,636	\$	129,008	—	\$	—	—	\$	—	—	\$	426,631,367	\$	876,320	\$	(320,783,799)	\$	106,852,896
Balance, December 31, 2023	5,575	\$	126,018,101	41,065,954	\$	10	—	\$	—	27,061,584	\$	(14,622,222)	\$	18,056,702	\$	—	\$	(153,036,687)	\$	(149,602,197)	
Sales of preferred stock	—	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	—	\$	—	\$	—	\$	—
Dividends accretion	—	\$	636,205	—	\$	—	—	\$	—	—	\$	—	—	\$	—	\$	—	\$	(636,205)	\$	(636,205)
Net loss	—	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	—	\$	—	\$	(50,683,687)	\$	(50,683,687)
Balance, March 31, 2024	5,575	\$	126,654,306	41,065,954	\$	10	—	\$	—	27,061,584	\$	(14,622,222)	\$	18,056,702	\$	—	\$	(204,356,579)	\$	(200,922,089)	
Sales of preferred stock	—	\$	—	—	\$	—	1,897	\$	5,667,362	—	\$	—	—	\$	—	\$	—	\$	—	\$	5,667,362
Dividends accretion	—	\$	636,203	—	\$	—	—	\$	—	—	\$	—	—	\$	—	\$	—	\$	(636,203)	\$	(636,203)
Net loss	\$	—	\$	—	\$	—	—	\$	—	—	\$	—	—	\$	—	\$	—	\$	(4,829,560)	\$	(4,829,560)

Balance, June 30, 2024	<u>5,575</u>	<u>\$ 127,290,509</u>	<u>41,065,954</u>	<u>\$ 10</u>	<u>1,897</u>	<u>\$ 5,667,362</u>	<u>27,061,584</u>	<u>\$ (14,622,222)</u>	<u>\$ 18,056,702</u>	<u>\$ —</u>	<u>\$ (209,822,342)</u>	<u>\$ (200,720,490)</u>
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⁽¹⁾ On March 28, 2025, the Company announced a 6,765.396 for 1 stock split, effective March 31, 2025. This stock split is reflected retroactively in all periods presented for the common shares issued and outstanding. See Note 1. Nature of Business.

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

NEWSMAX INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Unaudited)

	2025	2024
Cash flows from operating activities:		
Net loss	\$ (92,408,146)	\$ (55,513,247)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,089,126	3,153,473
Stock-based compensation	4,994,794	-
Change in fair value of warrant liability	1,824,179	6,373,757
Change in fair value of derivative liability	6,104,230	-
(Recovery of) provision for credit losses	(266,076)	(458,695)
Unrealized gain on marketable securities	(1,084,844)	(128,574)
Non-cash lease expense	1,788,532	1,706,637
Non-cash expense related to SEPA Agreement	500,000	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(1,021,463)	(545,163)
Inventory	151,745	1,072,475
Prepaid expenses and other current assets	(1,226,532)	(1,151,295)
Other asset	(1,201,125)	-
Security deposits	11,107	54,989
Increase (decrease) in liabilities:		
Accounts payable	314,683	(1,918,363)
Accrued expenses	(2,530,837)	3,677,186
Lease liabilities	(1,921,948)	(1,753,792)
Settlement liability	44,984,790	40,000,000
Other long-term liabilities	1,000,000	-
Deferred revenue	(2,050,078)	(1,996,968)
Net cash used in operating activities	(38,947,863)	(7,427,580)
Cash flows from investing activities:		
Purchase of investments	(131,727,862)	-
Proceeds from maturity of investments	28,000,000	-
Sale of investments	-	314,185
Purchase of property and equipment	(689,460)	(207,489)
Net cash (used in) provided by investing activities	(104,417,322)	106,696
Cash flows from financing activities:		
Proceeds from issuance of convertible preferred stock, net	80,742,222	8,025,738
Proceeds from issuance of common stock IPO, net	66,659,453	-
Proceeds from exercise of stock options	6,707,723	-
Proceeds from additional stock issuance	65,000	-
Payment of dividend	(915,067)	-
Principal payment under finance lease obligation	(104,995)	(90,102)
Net cash provided by financing activities	153,154,337	7,935,636

Net change in cash	9,789,152	614,752
Cash and cash equivalents – beginning	24,052,887	6,037,211
Cash and cash equivalents – ending	<u>\$ 33,842,039</u>	<u>\$ 6,651,963</u>

Supplemental disclosures of cash flow information:

Operating lease assets obtained in exchange for operating lease liabilities	\$ 28,391	\$ 76,708
Allocation from equity to derivative liability for Series B Preferred Stock	\$ -	\$ 2,358,376
Interest paid	\$ 1,829	\$ 19,968

Non-cash transactions:

Property and equipment acquired through accounts payable:	\$ 743,485	\$ 217,172
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Non-cash financing activities:

Issuance of warrants in connection with the issuance of convertible stock	\$ 1,144,976	\$ -
Common stock issuance costs reclassified from prepaid expenses	\$ (1,798,989)	\$ -
IPO funds receivable in escrow	\$ 34,500	\$ -
Proceeds from exercise of stock options in transit	\$ 38,320	\$ -

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

Notes to Condensed Consolidated Financial Statements

NOTE 1. NATURE OF BUSINESS

Nature of Business

Newsmax Inc. began as Newsmax Media, Inc., a Nevada corporation, which was incorporated on July 15, 1998, and registered on August 20, 1998, as a foreign corporation in the State of Florida. During 2014, Newsmax Media, Inc. changed its state of domicile from Nevada to Delaware. In connection with the change, the NMX Holdings, LLC entity was dissolved.

On April 14, 2024, Newsmax Media, Inc. consummated a corporate reorganization. Newsmax Inc. (the "Company") was formed as a new holding company that owns all of the outstanding shares of the operating company, Newsmax Media, Inc. The stockholders of Newsmax Media, Inc. exchanged their shares of capital stock in Newsmax Media, Inc. for the same class and number of shares in Newsmax Inc. Subsequently, Newsmax Media, Inc. changed its state of domicile from Delaware to Florida. As a result of this reorganization, Newsmax Inc. became the direct holding company and the sole shareholder of Newsmax Media, Inc. Newsmax Media, Inc.'s ownership of its subsidiaries was not affected or changed as a result of this reorganization.

The Company is a multi-platform media company that provides original news and lifestyle content using a mixed-revenue model that derives income from its linear cable television and over-the-top ("OTT") news channels, websites, proprietary database, publishing products and e-commerce products. The Company uses original news and editorial content to draw large numbers of readers to its media outlets in order to sell advertising, print and online information products. The Company's business operations are conducted through two operating segments, Broadcast and Digital.

Private Placement

In June 2024, the Company issued a Private Placement Memorandum ("PPM") to potential investors, aiming to raise capital through the sale of its Series B Preferred Stock in a Private Placement. The initial offering was for up to 30,000 shares of Series B Preferred Stock at \$5,000 per share for a base offering amount of \$150,000,000, with the option to expand up to 45,000 shares of Series B Preferred Stock for an offering amount of \$225,000,000. The PPM was distributed to accredited investors as defined under Regulation D of the Securities Act of 1933. In connection with the PPM, the Company agreed to issue a three-year warrant to Digital Offering, LLC, as placement agent for the Private Placement, exercisable for 900 shares of Series B Preferred Stock with an exercise price per share of \$5,000 upon the closing of the PPM. The offering was completed on February 27, 2025 and resulted in net proceeds of \$206,660,285.

Public Offering and Listing

On February 27, 2025, the Company completed the sale of the remaining Series B Preferred Stock from the PPM raising approximately \$87,000,000 during the period January 1, 2025 through February 27, 2025.

On March 24, 2025, a majority in interest of the shareholders of the Company approved by written consent (1) the amending and restating of the Company's articles of incorporation, the recapitalization of the Company's capital stock and the appointment of directors and (2) the Company's 2025 Omnibus Equity Incentive Plan. See Note 16. Equity-Based Compensation.

On March 28, 2025, the Company completed its initial public offering (the "IPO"). Concurrently with the closing of the IPO and in accordance with the terms of the applicable Certificates of Designation, all shares of the Company's Series A-1 Preferred Stock, Series A-2 Preferred Stock, and Series A-3 Preferred Stock automatically converted into shares of the Company's then-existing Class A Common Stock. At the Company's election, all shares of the Company's Series A Preferred Stock also converted into shares of the Company's then-existing Class A Common Stock. All shares of Series B Preferred Stock automatically converted into shares of Class B Common Stock. On March 28, 2025 the Company also amended and restated its Articles of Incorporation (the "Amended and Restated Articles of Incorporation") to reclassify its authorized share capital to implement a dual class of securities. As a result, each share of the Company's then-existing Class A Common Stock that was issued and outstanding immediately prior to the effectiveness of the Amended and Restated Articles of Incorporation, and not held by the Company's CEO, was recapitalized, reclassified, and reconstituted into one fully paid and non-assessable share of Class B Common Stock of Newsmax Inc. Each share of the Company's then-existing Class A Common Stock held by the Company's CEO immediately before the recapitalization, was recapitalized, reclassified, and reconstituted into one fully paid and non-assessable share of Class A Common Stock of

Newsmax Inc. Following the recapitalization, Class A Common Stock has ten votes per share and Class B Common Stock has one vote per share. Immediately following the recapitalization, the Company completed a 6,765.396:1 forward stock split of its Series A and Series B Common Stock. 27,061,584 shares (post-split) of treasury stock were effectively retired and the embedded derivative liability associated with the Series B Preferred Stock was settled and reclassified to equity. Pursuant to the Amended and Restated Articles of Incorporation, the Company is authorized to issue 50,000,000 shares of Class A Common Stock; 940,000,000 shares of Class B Common Stock; and 10,000,000 shares of Preferred Stock. The par value of all shares is \$0.001. The IPO resulted in total net proceeds of \$66,083,411.

On March 31, 2025, the Company listed on The New York Stock Exchange under the ticker symbol “NMAX”.

Broadcast

The broadcast segment of the Company’s business produces and licenses news, business news and lifestyle content for distribution primarily through multichannel video programming distributors (“MVPDs”) including cable television systems, direct broadcast satellite operators and telecommunication companies, primarily in the United States.

The Company creates and broadcasts content and distributes such content using a hybrid distribution strategy of linear cable, free OTT channels and free ad-supported streaming television services (“FAST”) channels. The broadcast segment generates revenues from (1) linear TV channels, primarily through advertising sales, (2) OTT and FAST channels, primarily through revenue derived from third-party advertising in connection with services accessed through websites, apps and digital media players, (3) affiliate revenue earned through MDVPs broadcasting the Company’s content to their paid subscribers, and (4) subscription revenue earned via the Company’s new Newsmax+ subscription program which users can sign up to receive the Company’s content directly.

Digital

The digital segment generates revenues through (1) online advertising, including online display, email advertising, other online placements and print advertisements, (2) subscriptions, including our collection of specialized health and financial newsletters, Newsmax Magazine and four online membership programs, and (3) e-commerce, primarily through our subsidiaries that sell nutraceuticals and nonfiction books on political, financial and health-related topics.

The Company also distributes content through its websites and social media accounts, apps, email and newsletters. The Company’s websites and apps provide live and/or on-demand streaming of network-related programming to allow video subscribers of the Company’s participating distribution partners to view Company content via the Internet.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The unaudited condensed consolidated financial statements have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company’s management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been reflected in these unaudited condensed consolidated financial statements. Operating results for the six months ended June 30, 2025 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2025. The balance sheet at December 31, 2024 has been derived from the audited financial statements at that date, but does not include all the information and footnotes required by U.S. GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements should be read together with the annual audited consolidated financial statements and related notes for the fiscal year ended December 31, 2024.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Newsmax Inc. and its wholly owned subsidiaries Newsmax Media Inc, Medix Health, LLC (“Medix”), Crown Atlantic Insurance, LLC (“Crown”), Newsmax Broadcasting, LLC (“Broadcasting”), Humanix Publishing, LLC (“Humanix”), ROI Media Strategies (“ROI”) and Newsmax Radio LLC (“Radio”). All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States (“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 condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions made by management are used for, but not limited to, the allowance for credit losses, carrying value of other assets, and realizability of deferred income taxes.

Immaterial correction of error

During the preparation of the financial statements for the quarter ended June 30, 2025, the Company identified immaterial errors in its previously issued consolidated financial statements as of December 31, 2024, the three months ended March 31, 2025 and 2024, and the three and six months ended June 30, 2024.

Specifically, the Company understated cost of revenues and overstated general and administrative by \$2.2 million and \$1.4 million for the three months ended March 31, 2025 and 2024, respectively, and \$1.4 million and \$2.8 million for the three and six months ended June 30, 2024, respectively, due to a misclassification of employee payroll costs.

Additionally the Company understated prepaid and other current assets and overstated other assets (non-current) by \$3.1 million as of December 31, 2024 due to a misclassification of the current portion of the other assets.

The Company has corrected the account classification in the current period financial statements. The correction had no impact on loss from continuing operations, net loss, earnings per share, total assets, total liabilities, equity or cash flows for any period presented

Investments

Marketable Securities

The Company accounts for its marketable securities in accordance with ASC Topic 321, Investments - Equity Securities. ASC Topic 321 requires companies to measure equity investments at fair value, with changes in fair value recognized in net income (loss). The Company’s investments in marketable securities consist of equity securities with readily determinable fair values. The cost of securities sold is based on the specific identification method, and interest and dividends on securities are included in non-operating income (expense).

The fair market value of marketable equity securities is determined based on quoted market prices in active markets. See Note 3 - Fair Value Measurements, for additional information regarding the valuation of marketable equity securities.

Available-for-Sale Debt Instruments

The Company classifies investments in fixed income securities as available-for-sale debt investments. The Company’s available-for-sale debt investments primarily consist of certificates of deposits and treasury securities. These available-for-sale debt investments are held in the custody of a major financial institution. A specific identification method is used to determine the cost basis of available-for-sale debt investments sold. These investments are recorded in the condensed consolidated balance sheets at fair value. Unrealized gains and losses on these investments are included within other comprehensive income (loss), net of tax. The Company classifies investments as current based on the nature of the investments and their availability for use in current operations.

The Company regularly reviews investment securities for impairment. For debt securities, any impairment relating to credit losses is recorded through an allowance for credit losses. A change in the allowance for credit losses is recorded into earnings in the period of the change.

Revenue Recognition

In accordance with Accounting Standards Codification (“ASC”) 606, “Revenue from Contracts with Customers,” the Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled in exchange for those goods or services. The Company records taxes collected from customers and remitted to governmental authorities on a net basis.

Service Revenue

Service revenue is primarily derived from the Company's original news and lifestyle content, using a mixed-revenue multi-platform model that derives income from digital, linear and OTT news channels, websites, proprietary database, publishing and video subscription services. The Company uses original news, syndicated services and editorial content to draw consumers to its media outlets in order to sell advertising, license fees and video, print and online information services. The Company earns revenue through contractual allocations of fees based on impressions received or subscriber counts.

The Company's service revenue is comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Advertising revenue	\$ 29,865,890	\$ 23,656,498	\$ 58,753,084	\$ 49,108,844
Affiliate fee revenue	7,343,407	6,844,604	14,771,830	13,445,240
Subscription revenue	6,980,040	6,637,273	13,962,199	12,972,385
Other	694,871	607,718	1,132,435	1,383,001
Total	\$ 44,884,207	\$ 37,746,093	\$ 88,619,548	\$ 76,909,470

Advertising Revenue

Advertising revenue is derived from the sale of advertising on the Company's cable television, email database, in the Company's magazine and related publications, or on the Company's website. Revenue related to the sale of advertising in the broadcast segment is recognized at the time of broadcast. Revenue related to the Company's digital segment is recognized when display or other digital advertisements record impressions on the various digital media. Revenue related to the Company's magazine and related publications is recognized when the ad is displayed in the printed document. Each advertisement insertion order is determined to be a distinct performance obligation that is satisfied at the point in time when such advertisements are published/aired. The Company records revenue from contracts that are entered into between the Company and its customers, primarily advertising agencies and direct advertisers, at the amount charged for the services. Advertising contracts, which are generally short-term, are billed monthly for the services provided during the month, with payments due shortly thereafter. Cash payments received prior to services rendered result in deferred revenue, which is then recognized as revenue when the advertising time or space is actually provided.

The Company enters into agreements with over-the-top distribution platforms to distribute the Company's news channel. Pursuant to the Company's distribution agreements, advertising revenues are earned based on an allocation of the fee determined by the number of impressions received. These contracts represent a single performance obligation recognized over time under the series guidance. Revenue is recognized upon delivery of the content over the course of an over-the-top distribution agreement term based on time elapsed, as this best depicts the simultaneous consumption and delivery of the services. The Company bills OTT customers monthly over the life of the contract. The Company has an unconditional right to receive payment of the amount billed generally within 30 to 90 days from the invoice date. The invoiced amount to be received is recorded in accounts receivable on the balance sheets.

Subscription Revenue

The Company sells magazines to consumers through subscriptions. Each subscription is determined to be a distinct performance obligation that is satisfied over the term of the subscription, normally one (1) to five (5) years. Subscriptions received in advance of the publication are recorded as deferred revenue and recognized as income on a straight line basis over the term, as this best represents the transfer of control of the services to the consumer.

The Company also has Newsmax+ which is a subscription service that provides the Company's content directly to consumers either on a monthly or annual basis. Monthly subscriptions are recognized as income in the month it was earned. Annual subscriptions are recorded as deferred revenue and recognized as income over the term of the contract each month.

The Company's deferred subscription revenue balances are shown below along with the corresponding revenue recognized from the prior period:

	June 30, 2025	December 31, 2024
Deferred subscription revenue, current portion	\$ 11,461,643	\$ 13,356,032
Deferred subscription revenue, net of current portion	2,926,255	2,835,218
Total deferred subscription revenue	\$ 14,387,899	\$ 16,191,250

Deferred subscription revenue recognized in revenue for the three and six months ended June 30, 2025 was \$4,046,099 and \$7,668,803, respectively, and for the three and six months ended June 30, 2024 was \$4,254,462 and \$9,065,845, respectively.

Affiliate Fee Revenue

The Company generates affiliate fee revenue from agreements with MVPDs for cable networks. Affiliate fee revenue is recognized over time as we continuously make the programming available to the customer over the term of the agreement using the output method. For contracts with affiliate fees based on the number of the affiliate's subscribers, revenues are recognized based on the contractual rate multiplied by the estimated number of subscribers each period. Consideration payable to a customer is treated as a cost of sale when distinct. If a distinct service is not received, such costs are recorded as a reduction to revenues. Affiliate contracts are generally multi-year contracts billed monthly with payments due shortly thereafter.

Other

Other primarily includes revenue generated from the Company's content licensing agreements. Revenue from content licensing agreements is recognized when the content is made available under the content licensing agreements.

Deferred revenue related to licensing agreements amounts to \$34,375 and \$291,667 as of June 30, 2025 and December 31, 2024, respectively.

Product Revenue

Product sales are derived from the sales of books, audio and video, dietary supplements, and other items advertised on the Company's website. Supplement, books, media and other product sales are recognized at the point in time control transfers to the customer, which is when the product is shipped. Allowances are considered for estimated returns and refunds at the point in time when revenue is recognized. As of June 30, 2025 and December 31, 2024, the refund liability was \$470,782 and \$424,278, respectively and is classified as a reduction in accounts receivable. Product revenue is comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Supplement sales	\$ 1,194,709	\$ 1,271,687	\$ 2,309,649	\$ 2,559,037
Books, media and other product sales	561,670	418,806	1,220,393	670,320
Product returns and allowances	(200,842)	(209,854)	(408,138)	(312,450)
Total	\$ 1,555,537	\$ 1,480,639	\$ 3,121,904	\$ 2,916,907

Incremental Costs to Obtain a Contract

The revenue standard requires capitalization of the incremental costs to obtain a contract, which the Company has identified as certain sales commissions. These costs are deferred and then amortized over the expected customer life. Amortization expense is included within sales and marketing on the accompanying condensed consolidated statements of

operations. As of June 30, 2025, we have \$1,395,719 of unamortized capitalized costs to obtain a contract, of which \$283,875 is recorded within prepaid expenses and other current assets and \$1,111,844 is recorded within other assets on our unaudited condensed consolidated balance sheet. During the six months ended June 30, 2025, we recorded approximately \$89,281 of amortization of capitalized costs, which is recorded within professional fees on our unaudited condensed consolidated statement of operations and comprehensive loss. During the six months ended June 30, 2024, we had no unamortized capitalized costs to obtain a contract and we recorded no amortization of capitalized costs.

Practical Expedient

As a practical expedient, the Company recognizes any incremental costs of obtaining contracts as expense when the amortization period is considered to be a year or less.

As a practical expedient, the Company accounts for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products.

Shipping and Handling Costs

Amounts billed to third-party customers for shipping and handling are included as a component of revenue. Shipping and handling costs incurred are included as a component of cost of products sold. Shipping and handling charges recorded as revenue amounted to \$90,741 and \$91,741 for the three and six months ended June 30, 2025, respectively, and \$173,888 and \$166,882 for the three and six months ended June 30, 2024, respectively.

Stock-Based Compensation

Stock options granted to employees under the Company's 2025 Omnibus Incentive Plan vest over 18 months based on continued service and are subject to forfeiture, repurchase, or clawback during this period. Although the awards allow for early exercise in 30-day increments starting after grant, the shares remain subject to repurchase and do not substantively vest until the end of the service period. Compensation expense is recognized using the straight-line method over the 18-month service period.

The fair value of stock options is determined on the grant date using the Black-Scholes option pricing model. The model incorporates assumptions including the \$10 grant-date fair value of the underlying stock, the risk-free interest rate, and expected volatility based on a peer group. The Company applied the simplified method to estimate the expected term. Based on its review of contemporaneous public filings, the Company concluded that the awards were not "spring-loaded" under SEC Staff Accounting Bulletin No. 120.

Stock-based compensation expense is included in cost of sales and selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss. The Company accounts for forfeitures as they occur.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable is presented net of an allowance for credit losses of \$2,122,157 and \$2,308,612 at June 30, 2025 and December 31, 2024, respectively. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses and doubtful accounts. The Company's allowance for credit losses is estimated based on historical loss rates, current conditions, reasonable economic forecasts that affect collectability, and known credit issues with specific customers. Provisions (recoveries) for credit losses totaled approximately \$(147,809) and \$(266,076) for the three and six months ended June 30, 2025, respectively, and \$(271,630) and \$(458,695) for the three and six months ended June 30, 2024, respectively.

Impairment of Long-Lived Assets

The Company continually evaluates factors, events and circumstances that include, but are not limited to, historical and projected operating performance of the Company, specific industry trends and general economic conditions to assess whether the remaining estimated useful lives of long-lived assets may warrant revision or that the remaining balance of long-lived assets may not be recoverable. When such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Company uses an estimate of undiscounted cash flows over the remaining lives of the long-lived assets in measuring their recoverability. The Company measures asset impairment loss as the amount by which the carrying amount exceeds the fair market value of the asset.

Other Assets

During 2023, the Company capitalized a separate payment obligation of \$41.3 million associated with a commercial counterparty to resolve various claims. The Company accounted for the payment as a reduction to the transaction price in accordance with the guidance in ASC 606-10-32-25 and 32-26 and is amortizing the asset as a contra-revenue item. In connection with the signing of this agreement, the Company identified indicators that the carrying value of these upfront costs were not fully recoverable based on estimated cash flows related to the customer relationship. As a result, the Company's broadcast segment recognized a partial impairment of the upfront cost during 2023 with no additional impairment recognized for the six months ended June 30, 2025 and 2024.

Amortization of the capitalized costs of the asset is recorded on a straight-line basis over the life of the agreement which ends June 30, 2029 as contra revenue in the accompanying condensed consolidated statements of operations and comprehensive (loss) income. Amortization expense amounted to \$764,190 and \$1,528,380 for the three and six months ended June 30, 2025, respectively, and \$764,190 and \$1,528,380 for the three and six months ended June 30, 2024, respectively.

Other assets also include \$1.40 million for costs to obtain a contract, which the Company has identified as certain sales commissions

The Company evaluates these other assets for impairment each reporting period based upon its estimate of recoverability of the assets. Recoverability of the assets is based upon estimated cash flows including reductions for direct and allocable costs attributable to the underlying business arrangement.

Fair Value Measurements

The Company carries certain assets and/or liabilities at fair value in the condensed consolidated balance sheets. The Company applies accounting guidance that defines fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Fair value measurements under the accounting guidance are classified based on the following fair value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data. We use inputs such as actual trade data, benchmark yields, and other similar data, which are obtained from quoted market prices, independent pricing vendors, or other sources, to determine the ultimate fair value of assets or liabilities.

Level 3: Unobservable inputs that are not corroborated by market data.

The fair value of a financial instrument is the amount for which the instrument could be exchanged in a current transaction between willing parties. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, accrued payroll and accrued distribution approximate fair value due to their short-term nature and observable inputs.

Net Loss Per Share

Basic and diluted loss per share is computed as net loss available to common stockholders divided by the weighted average number of shares outstanding for the period. For the three and six months ended June 30, 2025 and 2024, all dilutive securities have been excluded as their inclusion would have had an antidilutive effect on loss per share. Potentially dilutive common shares include warrants, convertible preferred stock, and stock options.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in this ASU require public entities to disclose significant segment expenses and other segment items and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The guidance is effective for fiscal years beginning after December 15, 2023, and for

interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments in this ASU should be applied retrospectively to all periods presented. The adoption of this standard for interim periods beginning with the three and six months ended June 30, 2025 did not have a material impact on the Company's unaudited condensed consolidated financial results, but resulted in enhanced disclosures as included in Note 9. Segment Information.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”) to enhance transparency and decision usefulness of income tax disclosures. ASU 2023-09 requires greater standardization and disaggregation of categories within an entity’s tax rate reconciliation disclosure, as well as disclosure of income taxes paid by jurisdiction, among other requirements. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. ASU 2023-09 is effective on a prospective basis, with retrospective application permitted. The Company is currently evaluating the effects of this ASU on its income tax disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”), which requires additional disclosures of the nature of expenses included in the income statement. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The amendments in this update are effective for fiscal years beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027 on a prospective basis, with early adoption permitted. The Company is currently evaluating the provisions of the amendments and the impact on its disclosures.

In July 2025, the FASB issued ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient to measure credit losses on accounts receivable and contract assets. The ASU is effective for annual periods beginning after December 15, 2025, and interim periods with those annual reporting periods. The Company is currently evaluating the effects of this ASU on its calculation for credit losses.

NOTE 3. FAIR VALUE MEASUREMENTS

The Company accounts for its investments at fair value and classifies these assets within the fair value hierarchy (Level 1, Level 2, or Level 3).

Assets and liabilities subject to fair value measurements are as follows:

	As of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents				
U.S. Treasury securities	\$ —	\$ -	\$ -	\$ —
Money market	\$ 26,908,287	\$ -	\$ -	\$ 26,908,287
Certificates of deposit	\$ —	\$ -	\$ -	\$ —
Total cash and cash equivalents	\$ 26,908,287	\$ —	\$ —	\$ 26,908,287
Investments				
Equity securities	\$ 19,301,067	\$ -	\$ -	\$ 19,301,067
U.S. Treasury securities	\$ —	\$ 141,250,431	\$ -	\$ 141,250,431
Certificates of deposit	\$ —	\$ 3,501,333	\$ -	\$ 3,501,333
Total investments	\$ 19,301,067	\$ 144,751,763	\$ —	\$ 164,052,830
Total assets	\$ 46,209,353	\$ 144,751,763	\$ —	\$ 190,961,116

As of December 31, 2024			
Level 1	Level 2	Level 3	Total

Assets								
Cash and cash equivalents								
U.S. Treasury securities	\$	—	\$	4,959,350	\$	—	\$	4,959,350
Money market	\$	12,615,549	\$	-	\$	-	\$	12,615,549
Certificates of deposit	\$	—	\$	2,250,628	\$	-	\$	2,250,628
Total cash and cash equivalents	\$	12,615,549	\$	7,209,978	\$	—	\$	19,825,527
Investments								
Equity securities	\$	7,553,725	\$	-	\$	-	\$	7,553,725
U.S. Treasury securities	\$	9,923,100	\$	36,580,580	\$	-	\$	46,503,680
Certificates of deposit	\$	—	\$	4,253,550	\$	-	\$	4,253,550
Total investments	\$	17,476,825	\$	40,834,130	\$	—	\$	58,310,955
Total assets	\$	30,092,374	\$	48,044,108	\$	—	\$	78,136,482
Liabilities								
Warrant liability	\$	—	\$	-	\$	6,499,821	\$	6,499,821
Derivative liability	\$	—	\$	-	\$	41,459,418	\$	41,459,418
Total liabilities	\$	—	\$	—	\$	47,959,239	\$	47,959,239

The Company's Level 2 investments are valued using third-party pricing sources. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. For the year ended December 31, 2024, the transfers of assets between levels was a total of \$9.9 million from Level 1 to Level 2 for U.S. treasury notes and bills that are considered Level 2 investments when they were issued before the most recent issue and were still outstanding at measurement day (off-the-run). There were no transfers in or out of Level 3 investments for the six months ended June 30, 2025.

The valuation methodologies and significant unobservable inputs for Level 3 investments were as follows:

As of December 31, 2024					
	Fair Value	Valuation Methodology	Significant Unobservable Inputs	Range	Weighted Average
Warrant liability	\$6,499,821	Modified Black Scholes	Expected volatility	65%	65%
			Risk-free interest rate	4.17% - 4.28%	4.18%
			Expected term	2.5 - 4.8 years	2.7 years
Derivative liability	\$41,459,418	Scenario-based discounted cash flow	Timing of conversion	0.18 - 4.42 years	0.70 years
			Discount rate	20%	20%

Changes in Level 3 liabilities measured at fair value on a recurring basis for the six months ended June 30, 2025 were as follows:

	As of June 30, 2025	
	Warrant Liability	Derivative Liability
Opening Balance	\$ 6,499,821	\$ 41,459,418
Total losses for the period		
Included in earnings (or changes in net assets)	1,824,179	6,104,230
Purchases, issues, sales, and settlements		
Issuances	—	27,436,352
Settlement of derivative liability		(75,000,000)
Reclassification of warrant liability	\$ (8,324,000)	
Closing Balance	<u>\$ —</u>	<u>\$ —</u>

NOTE 4. PROPERTY AND EQUIPMENT

Major classes of property and equipment are as follows:

	Estimated Useful Lives	June 30, 2025	December 31, 2024
Furniture and fixtures	7 years	\$ 2,156,375	\$ 2,022,586
Computer, office and production equipment	3-8 years	13,440,910	12,145,337
Leasehold improvements	Lesser of Useful Life or Term of Lease	10,202,002	10,178,386
		25,799,287	24,346,310
Less: Accumulated depreciation		(19,612,191)	(18,120,692)
		<u>\$ 6,187,097</u>	<u>\$ 6,225,617</u>

Depreciation of property and equipment amounted to \$734,590 and \$1,471,465 for the three and six months ended June 30, 2025, respectively, and \$820,044 and \$1,625,093 for the three and six months ended June 30, 2024, respectively.

Included in property and equipment are finance lease assets of \$364,969 and \$493,297 as of June 30, 2025 and 2024, respectively.

NOTE 5. INVESTMENTS

Investments on the condensed consolidated balance sheets consisted of the following:

	June 30, 2025	December 31, 2024
Equity securities	\$ 19,301,067	\$ 7,553,725
Debt securities	\$ 144,751,763	\$ 50,757,230
Total investments	<u>\$ 164,052,830</u>	<u>\$ 58,310,955</u>

Available-for-Sale Securities

The major classes of the Company's available-for-sale debt securities and their respective fair values at June 30, 2025, were as follows:

	Available-for-sale debt securities			
	Amortized Cost	Gross Unrealized gain	Gross Unrealized Loss	Fair Value
Certificate of deposit	\$ 3,500,000	\$ 1,333	\$ —	\$ 3,501,333
U.S. Treasury securities	\$ 140,375,443	\$ 874,988	\$ —	\$ 141,250,431
Total	\$ 143,875,443	\$ 876,320	\$ —	\$ 144,751,763

The maturity distribution based on the contractual terms of the Company's available-for-sale debt securities at June 30, 2025 was as follows:

	Amortized Cost	Fair Value
Due within 1 year	\$ 78,882,040	\$ 79,504,396
Due after 1 year through 5 years	\$ 64,993,403	\$ 65,247,368
Total	\$ 143,875,443	\$ 144,751,763

The Company had 15 investments mature during the six months ended June 30, 2025. There were no material realized gains or losses from available for sale securities that were reclassified out of accumulated other comprehensive income for the six months ended June 30, 2025.

NOTE 6. LEASES

The Company determines if an arrangement is a lease at inception. Operating lease assets and liabilities are included in the Company's condensed consolidated balance sheets within the right of use asset, net, and operating lease liability, current portion and net of current portion. Finance lease assets are included in Property and equipment, net and Finance lease liability, current portion and net of current portion. The Company generally uses the base, non-cancelable, lease term when determining the lease assets and liabilities.

Below is a summary of the weighted-average discount rate and weighted-average remaining lease term for the Company's leases:

Other supplemental information:	June 30, 2025	December 31, 2024
Operating leases:		
Weighted average of remaining lease term (in years)	2	2
Weighted average discount rate	4.35%	4.35%
Finance leases:		
Weighted average of remaining lease term (in years)	1	2
Weighted average discount rate	10.83%	10.96%

Operating lease expense is recognized on a straight-line basis over the lease term within operating expenses in the Company's unaudited condensed consolidated statements of operations and comprehensive (loss) income. Finance lease expense is recognized over the lease term within interest expense and amortization in the Company's unaudited condensed consolidated statements of operations and comprehensive (loss) income. The Company's total operating and finance lease expense all relate to lease costs and amounted to \$1,300,620 and \$2,539,315 for the three months and six months ended June 30, 2025, respectively, and \$1,245,114 and \$2,528,932 for the three and six months ended June 30, 2024, respectively.

Future minimum lease payments at June 30, 2025 were as follows:

	Operating	Finance	Total
2025	\$ 2,075,417	\$ 103,897	\$ 2,179,315
2026	3,210,308	130,605	3,340,912
2027	614,950	4,999	619,949

2028	297,892	-	297,892
2029	72,447	-	72,447
Total lease payments	\$ 6,271,014	\$ 239,501	\$ 6,510,515
Less: imputed interest	(221,344)	(15,330)	(236,674)
Present value of lease liability	\$ 6,049,670	\$ 224,172	\$ 6,273,841

NOTE 7. LINE OF CREDIT

In 2024 the Company had a \$9,000,000 available line of credit which expired in October 2024. In May 2025 the Company renewed the existing line of credit with an available balance of \$1,000,000 and a maturity date of January 04, 2026. The Company also established a new line of credit in May 2025 with an available balance of \$8,000,000 maturing April 26, 2026. Both lines of credit bear interest at the greater of (i) one percent (1.000%) or (ii) the Prime Rate minus seventy five hundredths percent (-0.750%). There were no borrowings outstanding as of June 30, 2025 and December 31, 2024.

NOTE 8. INCOME TAXES

Effective income tax rates for interim periods are based on the Company's estimate of the applicable annual income tax rate. The Company's effective income tax rate varies based upon the estimate of the Company's annual taxable earnings and the allocation of those taxable earnings across the various states in which we operate. Changes in the annual allocation of the Company's activity among these jurisdictions results in changes to the effective tax rate utilized to measure the Company's income tax provision and deferred tax assets and liabilities.

The Company's effective income tax rate for the six months ended June 30, 2025 and 2024 was 0% for both periods. This was different than the expected federal income tax rate of 21% primarily due to the Company operating at a loss with a full valuation allowance. The Company had insignificant state income taxes for the six months ended June 30, 2025 and 2024.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing its impact on our consolidated financial statements.

NOTE 9. SEGMENT INFORMATION

The Company has two operating segments: (1) Broadcasting and (2) Digital, which also qualify as reportable segments. In accordance with ASC 280, "Segment Reporting," the operating segments reflect how the chief operating decision maker, which the Company defines as the chief executive officer, assesses the performance of each operating segment and determines the appropriate allocations of resources to each segment. We continually review our operating segment classifications to align with operational changes in our business and may make changes as necessary. The Company evaluates performance based upon several factors, of which the primary financial measure is Segment Adjusted EBITDA.

Due to the integrated nature of these operating segments, estimates and judgments are made in allocating certain assets, revenues and expenses.

Segment Adjusted EBITDA is defined as revenues less cost of revenues and general and administrative expenses and does not include depreciation, interest, net, asset impairment, unrealized gain (loss) on marketable securities, stock-based compensation, other corporate matters, other, net and income tax expense. Other corporate matters represent certain litigation expenses, and related fees, for specific proceedings that the Company has determined are infrequent and unusual in terms of their magnitude. Management believes that Segment Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources to the Company's business. We do not present asset information for our segments as this information is not used to allocate resources.

The following tables set forth the Company's Revenues and Segment Adjusted EBITDA for the three and six months ended June 30, 2025 and 2024:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenues				
Broadcasting	\$ 38,029,015	\$ 29,599,348	\$ 74,216,193	\$ 59,710,252
Digital	8,410,729	9,627,384	17,525,259	20,116,125
Total revenues	\$ 46,439,744	\$ 39,226,732	\$ 91,741,452	\$ 79,826,377
Segment expenses and operating performance				
Broadcasting				
Adjusted cost of sales ⁽¹⁾	21,558,033	16,623,892	41,520,756	33,152,437
Adjusted general and administrative expenses ⁽²⁾	14,887,874	9,144,018	27,960,839	18,953,040
Broadcasting adjusted EBITDA	1,583,108	3,831,438	4,734,598	7,604,775
Digital				
Adjusted cost of sales ⁽¹⁾	5,137,983	5,881,145	10,362,681	11,047,197
Adjusted general and administrative expenses ⁽²⁾	8,671,929	5,670,530	15,304,444	11,568,731
Digital adjusted EBITDA	(5,399,183)	(1,924,291)	(8,141,866)	\$ (2,499,803)
Total reportable adjusted EBITDA	(3,816,075)	1,907,147	(3,407,268)	5,104,972
Corporate and unallocated				
Depreciation	(734,590)	(820,044)	\$ (1,471,465)	(1,625,093)
Interest, net	1,794,598	3,791	\$ 2,842,829	5,299
Unrealized gain (loss) on marketable securities	(500,736)	(34,772)	\$ 1,084,844	128,574
Stock-based compensation	(3,417,686)	—	\$ (4,994,794)	—
Other corporate matters	(68,437,098)	(5,838,233)	\$ (78,104,701)	(59,074,353)
Other, net	(54,342)	(28,461)	\$ (8,342,898)	(31,686)
Loss before income tax expense	(75,165,929)	(4,810,572)	(92,393,453)	(55,492,287)
Income tax expense	9,693	18,988	14,693	20,960
Net loss	\$ (75,175,622)	\$ (4,829,560)	\$ (92,408,146)	\$ (55,513,247)

⁽¹⁾ Adjusted cost of sales includes cost of sales less stock-based compensation.

⁽²⁾ Adjusted general and administrative expenses includes general and administrative expenses less depreciation, stock-based compensation and other corporate matters.

Revenues by Segment by Component

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Broadcast				
Advertising	\$ 26,225,117	\$ 19,231,906	\$ 50,856,696	\$ 39,535,301
Affiliate fee	7,343,407	6,844,604	14,771,830	13,445,240
Subscription	3,765,699	2,915,276	7,455,375	5,347,149
Other	694,792	607,562	1,132,292	1,382,562
Total Broadcast revenues	38,029,015	29,599,348	74,216,193	59,710,252
Digital				
Advertising	\$ 3,640,773	\$ 4,424,593	\$ 7,896,388	\$ 9,573,544
Subscription	3,214,341	3,721,997	6,506,824	7,625,236
Product sales	1,555,537	1,480,638	3,121,904	2,916,906
Other	78	156	143	439
Total Digital revenues	8,410,729	9,627,384	17,525,259	20,116,125
Total revenues	\$ 46,439,744	\$ 39,226,732	\$ 91,741,452	\$ 79,826,377

NOTE 10. CONCENTRATIONS OF CREDIT RISKS

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, short-term investments available-for-sale and accounts receivable. Management believes the financial risks associated with these financial instruments are minimal.

The Company places its cash, and its short-term investments with high credit quality financial institutions. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses due to this policy. The Company's short-term investments are generally deemed to be low risk; however, the longer the duration of a security, the more susceptible it is to changes in market interest rates and bond yields. As the balance of the Company's short-term investments has grown, the market risk related to those investments has grown as well.

Concentrations of credit risk with respect to accounts receivable are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. The Company controls credit risk through credit approvals, credit limits and monitoring procedures. The Company performs credit evaluations of its commercial customers but generally does not require collateral to support accounts receivable.

No single customer accounted for over 10% of the Company's unaudited condensed consolidated net revenues during either of the six months ended June 30, 2025 or 2024. No single customer accounted for over 10% of the Company's condensed consolidated accounts receivable as of June 30, 2025 or December 31, 2024.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Company has commitments under certain firm contractual arrangements (“firm commitments”) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The following table summarizes the Company’s material firm commitments for contracts that run through 2027 as of June 30, 2025:

	Payments Due by Period			
	Total	2025	2026	2027
Distribution agreements	\$ 6,892,280	\$ 6,892,280	\$ -	\$ -
Other commitments	11,837,083	4,283,750	5,392,500	2,160,833
Total commitments and contractual obligations	\$ 18,729,363	\$ 11,176,030	\$ 5,392,500	\$ 2,160,833

Distribution Agreements

The Company has entered into several Affiliation/Distribution Agreements with the MVPDs. These agreements typically have a five-year term beginning as early as December 2014 and ending as late as December 2025. The Company is required to make payments under certain agreements which have payment terms that are generally over a three-to-four-year period and as such will shift between accrued distribution fees or prepaid distribution fees.

Other Commitments

The Company has entered into several other contractual commitments over the next three years ending in December 2027 primarily related to talent costs and other service agreements.

NOTE 12. LEGAL

Legal Matters

From time to time, the Company may be involved in various claims, lawsuits, and disputes with third parties, actions involving allegations of discrimination or breach of contract incidental to the ordinary operations of the business. In the opinion of management, the amount of ultimate liability with respect to these actions will not have a material adverse impact on the Company’s condensed consolidated financial position or results of condensed consolidated operations or condensed consolidated cash flows. The Company accrues for loss contingencies that are probable and reasonably estimable. The Company generally does not accrue for legal costs expected to be incurred with a loss contingency until those services are provided.

Defamation and Disparagement Claims

From time to time, the Company is subject to lawsuits alleging defamation or disparagement. These include lawsuits filed by Smartmatic USA Corp. and certain of its affiliates (collectively, “Smartmatic”) and Dominion Voting Systems, Inc. and certain of its affiliates (collectively, “Dominion”) filed during 2023. The Smartmatic complaint sought an unspecified amount of damages while the Dominion complaint is seeking \$1.6 billion in damages.

On September 26, 2024, the Company entered into a settlement agreement with Smartmatic pursuant to which the parties agreed to resolve the lawsuits among them. The Company agreed to pay a settlement of approximately \$40 million payable over time and granted a five year warrant to purchase 2,000 shares of Series B preferred stock at an exercise price of \$5,000 per share. Refer to Note 15. Equity for details of the warrant. The settlement expense, inclusive of the warrant, is included in other corporate matters in the Consolidated Statements of Operations and Comprehensive (Loss) Income for the six months ended June 30, 2024. The \$40 million payable over time is recorded within settlement liability on the Unaudited Condensed Consolidated Balance Sheet. As of June 30, 2025 the outstanding balance was fully satisfied.

On August 15, 2025, Newsmax Media, Inc. and Newsmax Broadcasting, LLC entered into a settlement agreement with Dominion Voting Systems, Inc. and certain of its affiliates (“Dominion”), pursuant to which such parties agreed to resolve the lawsuit among them for a total amount of \$67 million to be paid in the current and next two fiscal years. The payments will be made in three installments: (1) \$27 million paid on August 15, 2025; (2) \$20 million on or before January 15, 2026;

and (3) \$20 million on or before January 15, 2027. The settlement expense is included in other corporate matters in the Unaudited Consolidated Statements of Operations and Comprehensive (Loss) Income for the three and six months ended June 30, 2025. The \$67 million payable over time is recorded within settlement liability on the Unaudited Condensed Consolidated Balance Sheet. As of August 19, 2025 the outstanding balance of the settlement is \$40 million.

In 2023, the Company entered into a settlement agreement with a commercial counterparty for \$41.3 million. As of June 30, 2025, and pursuant to the payment schedule associated with this settlement agreement, the Company has a total of approximately \$32.6 million remaining to be paid over time. The fair value of the settlement agreement as of June 30, 2025 and 2024 was \$26.7 million and \$30.9 million, respectively, which assumes a discount rate of 9.75% and making quarterly payments for 51 and 60 months, respectively. The fair value measurement is disclosed for information purposes and is not reflected in the carrying amount on the unaudited condensed consolidated balance sheet.

The table below represents the estimated timing of payments over the term of the agreements.

	As of June 30, 2025					
	Payments Due by Period					
	Total	2025	2026	2027	2028	2029
Settlement agreements	\$ 99,561,996	\$ 30,817,838	\$ 24,610,093	\$ 24,075,591	\$ 3,603,061	\$ 16,455,413

NOTE 13. EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) Salary Savings Plan (the "Plan") covering those employees who meet eligibility requirements set forth in the Plan. The matching contribution is at the discretion of the Company's Board of Directors. The Company's policy is to match 100% of the first 1% of employee contributions and 50% on the next 2 to 6% of employee contributions. Total expense for the Plan amounted to \$394,519 and \$776,881 for the three and six months ended June 30, 2025, respectively, and \$317,983 and \$569,061 for the three and six months ended June 30, 2024, respectively.

NOTE 14. CONVERTIBLE AND REDEEMABLE PREFERRED STOCK

Convertible and Redeemable Preferred Stock

Prior to the March 28, 2025 initial public offering, the Company had outstanding Convertible and Redeemable Preferred Stock, which converted in connection with the initial public offering. The conversion included accumulated dividends on the Redeemable Preferred Stock except for those shares held by two preferred stockholders who elected to receive their accumulated dividends in cash on the initial public offering date. As of June 30, 2025, the Company does not have Convertible and Redeemable Preferred Stock outstanding. Convertible and Redeemable Preferred Stock as of December 31, 2024 (71,034 total shares authorized and all classes are \$0.001 par value per share) was as follows. The conversion prices and conversion ratios presented in this footnote have not been adjusted for the stock split disclosed in Note 1. Nature of Business:

Series	Shares Authorized	Shares Issued and Outstanding	Per Unit Issue Price	December 31, 2024 Conversion Price	Liquidation Preference	Carrying Amount
Series A	3,965	611	\$ 22,500	\$ 22,500	\$ 13,747,500	\$ 14,726,570
Series A (with redemption rights)	35	35	\$ 22,500	\$ 22,500	787,500	1,296,850
Series A-1	2,445	1,222	\$ 20,451	\$ 20,451	25,000,000	32,147,260
Series A-2	3,176	2,647	\$ 18,891	\$ 18,891	50,000,000	50,000,000
Series A-3	1,413	1,060	\$ 23,619	\$ 23,619	25,036,140	30,406,221
Series B	60,000	27,612	\$ 5,000	\$ 50,741	138,060,000	86,742,045
	71,034	33,187			\$ 252,631,140	\$ 215,318,946

Prior to the March 28, 2025 initial public offering, the Company's Series A convertible preferred stock was classified as mezzanine equity and Series B convertible preferred stock was classified as permanent equity in our condensed consolidated financial statements.

The Company measured the preferred stock where redemption was probable at its maximum redemption value plus dividends not declared or paid but which would be payable upon redemption. On December 31, 2024, the preferred stock was remeasured, resulting in a maximum redemption value of \$128,576,901 and accretion of \$12,814,190, included in Accumulated Deficit on the condensed consolidated balance sheets as of December 31, 2024.

The Series B preferred stock included certain redemption rights that were solely in the control of the Company, including redemption upon sale or liquidation of the Company, and an in-substance redemption feature associated with the conversion terms of the Series B preferred stock upon IPO. The stock was recorded in permanent equity on the condensed consolidated balance sheets as of December 31, 2024. The redemption features were bifurcated as an embedded derivative and were accounted for as a derivative liability on the condensed consolidated balance sheet. The fair value of the embedded derivative was estimated using a scenario-based discounted cash flow method. The valuation methodology included assumptions and judgments regarding discount rates and timing of conversion, which were primarily level 3 assumptions. The embedded derivative was measured at fair value on a recurring basis and any changes in fair value in a subsequent period were recorded to other income (expense). For the six months ended June 30, 2025, the Company recognized a loss of \$6.1 million in fair value adjustments in other, net on the unaudited condensed consolidated statements of operations and comprehensive (loss) income related to the change in net fair value between the beginning of the year and the conversion of the Series B preferred stock upon IPO.

NOTE 15. EQUITY

Common Stock A – As of June 30, 2025 and December 31, 2024, the Company was authorized to issue 50,000,000 shares of common stock, with a par value of \$0.001 per share and 20,000 shares of common stock (pre-stock split), with a par value of \$0.001 per share, respectively.

Common Stock B - As of June 30, 2025 and December 31, 2024, the Company was authorized to issue 940,000,000 shares of common stock, with a par value of \$0.001 per share and 60,000 shares of common stock (pre-stock split), with a par value of \$0.001 per share, respectively.

Settlement Warrant - On September 26, 2024, the Company granted a five year warrant to purchase 2,000 shares of Series B preferred stock at an exercise price of \$5,000 per share in connection with a settlement agreement with Smartmatic. Following the conversion of the underlying Series B preferred stock into Class B common stock in connection with the Company's March 28, 2025 initial public offering, Smartmatic has a five year warrant to purchase 1,333,333 shares of Class B common stock at an exercise price of \$7.50 per share. Refer to Note 12. Legal for details of the settlement. The exercise price and the number of shares of the warrants are subject to adjustment for standard anti-dilution provisions. Exercise of the warrant would result in the Company recognizing a \$10 million increase in gross proceeds. Prior to conversion of the underlying Series B preferred stock into Class B common stock, the settlement warrant did not meet the conditions to be classified in equity, and therefore the Company assessed and confirmed it met the definition of a liability under ASC 815 and ASC 480 and it was recognized on the balance sheet at fair value. Following the conversion of the underlying Series B preferred shares to Class B common shares as a result of the Company's March 28, 2025 offering, the warrant meets the conditions for equity classification. As a result, the warrant has been recorded in equity at its March 28, 2025 fair value of \$8,324,000 with a final fair value adjustment loss of \$1,824,179 recorded in other, net on the June 30, 2025 unaudited condensed consolidated statements of operations and comprehensive (loss) income.

Agent Warrants - The Company agreed to issue a three-year warrant to the placement agent associated with the Private Placement of shares of the Company's Series B convertible preferred Stock. The number of shares under the warrant is equal to 2% of the total shares raised under the private placement with an exercise price of \$5,000 per share. Following the conversion of the underlying Series B preferred stock into Class B common stock in connection with the Company's March 28, 2025 initial public offering, the exercise price is \$7.50 per share. The warrant holder has the option to elect net share settlement. The effective date of the warrant is the date of the final close of the private placement offering. The Company evaluated the warrant under ASC 718, Compensation - Stock Compensation and determined that the award was non-employee share-based compensation that does not meet the criteria for liability classification. As a result, the warrant was classified in equity in the Company's unaudited condensed consolidated balance sheets as of June 30, 2025.

On April 4, 2025, the Company entered into a \$1.2 billion Standby Equity Purchase Agreement ("SEPA") with Yorkville pursuant to which the Company has the right to direct Yorkville during the 24 month term of the agreement to purchase common stock subject to certain limitations and conditions set forth in the SEPA. There were no purchases of common stock during the six months ended June 30, 2025.

As consideration under the SEPA, the Company paid to Yorkville (i) a structuring fee in the amount of \$25,000 and (ii) a commitment fee of \$500,000 of shares of common stock equal to the commitment fee divided by the daily VWAP of the common shares during the trading day immediately prior to the effective date of the SEPA. The structuring fee and commitment fee were expensed in full immediately following the consummation of the SEPA, according to ASC 815, and recorded within the professional fees line item in the consolidated statements of operations and comprehensive loss for the period ended June 30, 2025.

NOTE 16. EQUITY-BASED COMPENSATION

On March 28, 2025, the Board adopted our 2025 Omnibus Equity Incentive Plan (the "2025 Plan") and it was approved by our shareholders on March 24, 2025 (the "Effective Date"). Under the 2025 Plan, 6,500,000 shares of Class B Common Stock are initially available for grant. Our administrator may grant incentive stock options ("ISOs"), non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards to participants to acquire shares of common stock under the 2025 Plan. The Plan was administered by the Board. On March 28, 2025, the Company granted stock options to employees and certain service providers to purchase an aggregate of 3,382,000 shares of common stock at an exercise price of \$10.00 per share, which was the fair market value on the grant date. These options allow for early exercise after 90 days, vest over 1.5 years, and expire 10 years from the grant date.

As of June 30, 2025, the Company's total estimated compensation cost, not yet recognized, related to non-vested equity awards held by the Company's employees under the 2025 Plan was approximately \$17.2 million and is expected to be recognized over a weighted average period of 1.3 years.

The Company's equity-based awards are settled in Class B Common Stock. As of June 30, 2025, the Company had 4.1 million shares of Class B common stock reserved for future issuance as equity-based compensation.

The Company granted 703,507 opening balance options under the previous equity incentive plan which were fully vested as of June 30, 2025.

The following table summarizes the activities for our stock options for the six months ended June 30, 2025:

	Number of Shares	Weighted-Average Exercise Price per Share
Outstanding at December 31, 2024	703,507	4.99
Granted	3,377,813	10.01
Exercised	(809,593)	8.29
Forfeited	(14,500)	10.00
Expired	—	—
Outstanding at June 30, 2025	<u>3,257,227</u>	9.36
Exercisable as of June 30, 2025	<u>3,180,865</u>	9.33

The table below summarizes the resulting weighted average inputs used to calculate the estimated fair value of options awarded under the "2025 Plan" for the six months ended June 30, 2025:

	For the period ended June 30, 2025
Expected term (in years)	5.75
Volatility	65 %
Risk free interest rate	4.04 %
Weighted-average grant date fair value	6.14

The following table shows summary information for outstanding options and options that are exercisable (including 420,640 vested options and 2,760,225 options which are early exercisable) as of June 30, 2025:

	Options Outstanding	Options Exercisable
Number of options	3,257,227	3,180,865
Weighted average remaining contractual term (years)	9.41	9.40
Weighted average exercise price	9.36	9.33
Aggregate intrinsic value	18,829,704	18,449,295

The equity-based compensation expense was recorded in the unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2025 and 2024 as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cost of services	\$ 2,101,966	\$ —	\$ 2,754,116	\$ —
Personnel costs	1,315,720	—	2,240,678	—
Total equity-based compensation expense	\$ 3,417,686	\$ —	\$ 4,994,794	\$ —

NOTE 17. LOSS PER SHARE

The holders of our Class A and Class B common stock have identical liquidation and dividend rights but different voting rights. Accordingly, we present the loss per share for Class A and Class B common stock together. Basic loss per share is computed by dividing net loss by the weighted-average number of shares of our Class A and Class B common stock outstanding. Loss per share for Class B common stock is not presented separately as under the two-class method Class A and Class B loss per share is not meaningfully different. The following table illustrates the reconciliation of the basic and diluted loss per share computations.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Basic and diluted loss per share:				
Numerator:				
Net loss	\$ (75,175,622)	(4,829,560)	\$ (92,408,146)	(55,513,247)
Cumulative dividends on preferred stock	—	1,456,449	4,667,803	2,900,184
Net loss attributable to common stockholders	<u>\$ (75,175,622)</u>	<u>\$ (6,286,009)</u>	<u>\$ (97,075,949)</u>	<u>\$ (58,413,431)</u>
Denominator:				
Weighted average common stock outstanding, basic and diluted ¹	128,333,356	41,065,954	86,938,585	41,065,954
Per share:				
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.59)</u>	<u>\$ (0.15)</u>	<u>\$ (1.12)</u>	<u>\$ (1.42)</u>

¹ Includes 39.2 million and 41.1 million shares of Class A common stock and 89.2 million and 0 shares of Class B common stock, for the three months ended June 30, 2025 and 2024, respectively. Includes 39.2 million and 41.1 million shares of Class A common stock and 89.2 million and 0 shares of Class B common stock, for the six months ended June 30, 2025 and 2024, respectively.

The following outstanding potentially dilutive shares were excluded from the computation of diluted net loss per share attributable to common stock for the periods presented because the impact of including them would have been anti-dilutive.

	Six Months Ended June 30,	
	2025	2024
Warrants	1,933,333	—
Stock options	4,095,133	759,348
Preferred shares	—	38,981,749
Total	<u>6,028,466</u>	<u>39,741,097</u>

NOTE 18. SUBSEQUENT EVENTS

See Note 12 regarding legal matters.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA makes permanent key elements of the Tax Cuts and Jobs Act including accelerated tax expensing of qualifying domestic research costs, 100% bonus depreciation on qualifying capital expenditures, and enhancements to the business interest expense limitation. We are evaluating the full effects of the legislation on our estimated annual effective tax rate and cash tax position.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the unaudited consolidated financial statements for the three and six months ended June 30, 2025 and the audited consolidated financial statements for the year ended December 31, 2024, and other information included elsewhere in this Quarterly Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" included elsewhere in this Quarterly Report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 as may be amended, supplemented or superseded from time to time by other reports we file with the SEC. Additionally, our historical results are not necessarily indicative of the results that may be expected in any future period.

Overview of the Company's Business

Founded in 1998 as a digital media brand, Newsmax Inc. entered the cable news market in 2014. Since then, the network has had an astonishing rise, climbing into the top tier of cable channels, and has remained the fourth highest-rated cable news channel in the United States, just behind CNN. According to Nielsen, Newsmax Inc. was the only cable news channel to see ratings growth across all day parts in 2025, with prime-time up 42% in total viewers. Q1 2024 also saw an impressive 137% rise in prime-time ratings, compared to the same period last year.

The Company has developed a significant audience, reaching over 40 million Americans each month through its television broadcasts and multi-platform content, and has demonstrated remarkable growth with revenues up 309% since 2019.

In June 2024, a Reuters global survey of media found Newsmax Inc. was one of the nation's "top news brands," identifying the network as one of only 12 major media outlets Americans are turning to regularly.

Newsmax Inc. is a holding company that owns 100% of the equity interests of its operating company Newsmax Media and the other Subsidiaries operate the businesses described in this Quarterly Report, and none of those businesses are operated by Newsmax Inc.

Newsmax Inc. is a television broadcaster and multi-platform content publisher that produces original news and editorial content for consumers through various media outlets, including through its TV news channels, digital and print publications, its popular website Newsmax.com and affiliated sites, its syndicated radio show and podcasts and other platforms in order to sell advertising to third-party marketers as well as offering paid subscriptions to more than a dozen digital and print products sold by Newsmax Media. Newsmax Media content is carried by all major linear cable and satellite pay TV platforms, or multichannel video programming distributors ("MVPDs") for the Newsmax channel, and most over the top ("OTT") streaming platforms for its free ad-supported streaming television service ("FAST") channel Newsmax2, making Newsmax Media content available to over 100 million homes in the U.S. In addition, international companies have licensed Newsmax Media's channels and brand for regional, national and local television and digital media purposes. Certain licensing agreements currently in place have allowed Newsmax Media's partners to provide cable television and digital news under the Newsmax Media brand to viewers in eastern Europe.

Newsmax Inc. operates several business lines through its subsidiaries and divisions, creating a synergistic effect on audience growth, revenues and customer acquisition. These business lines are grouped into 2 separate reportable segments which consist of Broadcasting and Digital:

- **Broadcasting** - The broadcast segment of the Company's business produces and licenses news, business news and lifestyle content for distribution primarily through MVPDs including cable television systems, direct broadcast satellite operators and telecommunication companies, primarily in the United States, generating revenue through (1) placement of advertisements on our broadcast content, (2) subscriptions to our broadcast content, and (3) affiliate fees from the MVPDs. The components of Broadcasting are as follows:
 - Newsmax Broadcasting LLC provides programming through three channels, Newsmax, Newsmax2, and World at War. Newsmax and World at War are linear cable channels available on pay TV services, and Newsmax2, is a free streaming channel. Both Newsmax and Newsmax2 offer 24/7 television news and informational programming channels which are distributed through both cable and digital streaming platforms. World at War offers 24/7 historical documentaries and movies that have a primary focus on the wars of the past 150 years and the people who fought them.

- Newsmax Radio LLC provides programming through a syndicated radio show as well as widely-available podcasts. These podcasts include “The Newsmax Daily with Tony Marino,” a talk show with radio personality Gerry Callahan and “Greg Kelly Reports” with its TV host Greg Kelly.
- **Digital** - The digital segment generates revenues through (1) online advertising, including online display, email advertising, other online placements and print advertisements, (2) subscriptions, including our collection of specialized health and financial newsletters, Newsmax Magazine and four online membership programs, and (3) e-commerce, primarily through our subsidiaries that sell nutraceuticals and nonfiction books on political, financial and health-related topics. The components of Digital are as follows:
 - Humanix Publishing LLC is a print and e-book publishing house that publishes books in the areas of politics, health, personal finance, history, religion and current affairs. Under Newsmax ownership, Humanix Publishing has published approximately 100 titles, including a New York Times bestseller. The Company uses published books as free premiums when offering subscriptions to their publications, including Newsmax Magazine and their health and financial newsletters.
 - Medix Health, LLC offers and sells 21 nutraceutical products. Medix Health’s products are aimed at Newsmax Media’s core demographic of consumers and cross-sold through Newsmax Media’s health newsletters. These supplements have been certified as compliant with current Good Manufacturing Practices by The Natural Products Association and are typically formulated by medical doctors who also write and edit Newsmax Media’s health newsletters. Newsmax Media retains all intellectual property rights to the supplement formulations created for Medix Health. The natural supplements seek to help customers alleviate pain, reduce blood glucose, prevent heart disease, improve energy and mental acuity, and, in general, improve overall wellness. All Medix Health supplements are manufactured at third-party manufacturing facilities that are FDA registered and meet current Good Manufacturing Practices standards. All Medix Health supplements are offered online and are usually purchased as part of a recurring subscription program.
 - Newsmax Digital Advertising handles advertising and marketing offers and sales to third party companies and agencies associated with our digital segment. Newsmax Digital Advertising sells placements for display and native website ads, email sponsorships in Newsmax News Alerts, sponsorships for SMS/text and push notification, print ads for our magazine, inserts for our newsletters, and podcast offerings.
 - Newsmax Publications publishes and manages Newsmax Media’s paid subscription business. This subsidiary currently publishes Newsmax Magazine, five health newsletters including Health Radar, Dr. Crandall’s Heart & Health; The Blaylock Wellness Report; financial newsletters including The Dividend Machine, High Income Factor and Financial Intelligence Report, and Newsmax Platinum, our online publication. This subsidiary has over 300,000 subscribers to its paid publications.
 - ROI Media Strategies LLC provides media buying and strategy services to third party companies and agencies, helping small companies to market their offerings across all channels of marketing, including email, broadcast, podcasts, digital, and print.
 - Crown Atlantic Insurance LLC is an insurance agency licensed in 50 states of the U.S. and the District of Columbia with an emphasis on life insurance and retirement solutions. Newsmax Media’s subsidiaries use Crown Atlantic Insurance LLC for the purposes of marketing annuities, life insurance and other insurance offerings across their platforms.

Growth Strategies and Outlook

Maintain and enhance leading position in news and other content production.

Newsmax Media has been a leader in digital news and with the continued growth of its television service, plans to continue to invest in talent acquisition and programming that we expect to raise the profile and visibility of Newsmax Media to a broader audience. With expanded content offerings, Newsmax Media plans to expand its reach and value to audiences through traditional platform and direct-to-consumer services.

Increase revenue growth through the continued delivery of premium content.

Newsmax Media will continue to focus on creating high-quality content delivered through diversified publishing platforms that offers value to its audience, advertisers and distribution partners. As a live linear content service, Newsmax Media seeks to offer a unique perspective and voice that resonates with audiences across those platforms and further develop a dedicated and loyal audience.

Expand television and digital distribution offerings, increasing complementary sources of revenues.

- Newsmax Media's key goals are to maximize its subscriber penetration on traditional cable platforms, growing its subscription base for Newsmax+, increasing audiences for its news channels, develop its footprint in international markets - all while creating additional revenue opportunities through advertising sales. Newsmax Media will also further develop its delivery strategies on emerging content and social platforms to increase interaction with its audience.
- Newsmax, as a relatively new network, has potential for additional distribution growth, and growth of its advertising revenue as well as affiliate fees, which is a revenue stream that started in 2023 where previously the Company paid for distribution. Linear TV is primarily driven by live sports, news and events, and as media companies continue to focus on expanding their streaming service offerings, news consumption has risen in importance.

Trends and Other Factors Impacting Our Performance

The Company's broadcast segment derives the majority of its revenues from advertising. For the three months ended June 30, 2025, the Company generated revenues of approximately \$46.4 million, of which 64.3% was generated from advertising in the broadcast and digital segments, 15.8% was generated from affiliate fee revenue, 15.0% was generated from subscriptions for publications including Newsmax+ and 4.8% was generated from other lines of business which are primarily e-commerce sales of nutraceuticals, books and licensing fees.

For the three months ended June 30, 2024, the Company generated revenues of \$39.2 million, of which approximately 60.3% was generated from advertising in the broadcast and digital segments, approximately 17.4% was generated from affiliate fees, approximately 16.9% was generated from subscriptions for publications including Newsmax+, approximately 5.3% was generated from other lines of business which are primarily e-commerce sales of nutraceuticals, books and licensing fee.

Affiliate fees are a new revenue stream that started in November 2023 that primarily include (i) monthly subscriber-based license and retransmission consent fees paid by programming distributors that carry the Newsmax channel. The Company's revenues are impacted by rate changes, changes in the number of subscribers to MVPD's and changes in the expenditures by advertisers.

The cable network programming and television industries continue to evolve rapidly, with changes in technology leading to alternative methods for the delivery and storage of digital content. These technological advancements have driven changes in consumer behavior as consumers now have more control over when, where and how they consume content. Consumer preferences have evolved toward lower cost alternatives, including direct-to-consumer offerings. These changes in technologies and consumer behavior have contributed to declines in the number of subscribers to MVPD services, and these declines are expected to continue and possibly accelerate in the future.

At the same time, technological changes have increased advertisers' options for reaching their target audiences. There has been a substantial increase in the availability of content with reduced advertising or without advertising at all. As consumers switch to digital consumption of video content, there is still to be developed a consistent, broadly accepted measure of multiplatform audiences across the industry. Furthermore, the pricing and volume of advertising may be affected by shifts in spending from more traditional media and toward digital and mobile offerings, which can deliver targeted advertising more promptly, or toward newer ways of purchasing advertising.

The Company operates in a highly competitive industry and its performance is dependent, to a large extent, on the impact of changes in consumer behavior as a result of new technologies, the sale of advertising, the maintenance, renewal and terms of its carriage, affiliation and content agreements and programming rights, the popularity of its content, general economic conditions (including financial market conditions), the Company's ability to manage its businesses effectively, and its relative strength and leverage in the industry. For more information, see "Risk Factors."

Components of our Results of Operations

Revenue Recognition

In accordance with Accounting Standards Codification (“ASC”) 606, “Revenue from Contracts with Customers,” the Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled in exchange for those goods or services.

Advertising Revenue

Advertising revenue is derived from the sale of advertising on the Company’s cable television, email database, in the Company’s magazine and related publications, or on the Company’s website. Revenue related to the sale of advertising in the broadcast segment is recognized at the time of broadcast. Revenue related to the Company’s digital segment is recognized when display or other digital advertisements record impressions on the various digital media. Revenue related to the Company’s magazine and related publications is recognized when the ad is displayed in the printed document. Each advertisement insertion order is determined to be a distinct performance obligation that is satisfied at the point in time when such advertisements are published/aired. The Company records revenue from contracts that are entered into between the Company and its customers, primarily advertising agencies and direct advertisers, at the amount charged for the services. Advertising contracts, which are generally short-term, are billed monthly for the services provided during the month, with payments due shortly thereafter. Cash payments received prior to services rendered result in deferred revenue, which is then recognized as revenue when the advertising time or space is actually provided.

The Company enters into agreements with over-the-top distribution platforms to distribute the Company’s news channel. Pursuant to the Company’s distribution agreements, advertising revenues are earned based on an allocation of the fee determined by the number of impressions received. These contracts represent a single performance obligation recognized over time under the series guidance. Revenue is recognized upon delivery of the content over the course of an over-the-top distribution agreement term based on time elapsed, as this best depicts the simultaneous consumption and delivery of the services. The Company bills OTT customers monthly over the life of the contract. The Company has an unconditional right to receive payment of the amount billed generally within 30 to 90 days from the invoice date. The invoiced amount to be received is recorded in accounts receivable on the balance sheets.

Affiliate Fee Revenue

The Company generates affiliate fee revenue from agreements with MVPDs for cable network. Affiliate fee revenue is recognized as we continuously make the programming available to the customer over the term of the agreement. For contracts with affiliate fees based on the number of the affiliate’s subscribers, revenues are recognized based on the contractual rate multiplied by the estimated number of subscribers each period. Affiliate contracts are generally multi-year contracts billed monthly with payments due shortly thereafter.

Subscription Revenue

The Company sells magazines to consumers through subscriptions. Each subscription is determined to be a distinct performance obligation that is satisfied over the term of the subscription, normally one (1) to five (5) years. Payments for subscriptions received in advance of the publication are recorded as deferred revenue and recognized as income over the term, as this best represents the transfer of control of the services to the consumer. The Company records taxes collected from customers and remitted to governmental authorities on a net basis.

In 2023, the Company launched Newsmax+ which is a subscription service that provides the Company’s broadcast content directly to consumers either on a monthly or annual basis. Monthly subscriptions are recognized as income in the month it was earned. Annual subscriptions are recorded as deferred revenue and recognized as income over the term of the contract each month.

Product Sales

Product sales are derived from the sales of books, audio and video, dietary supplements, television production and distribution, and other items advertised on the Company’s website. Supplement, books, media and other product sales are recognized at the point in time control transfers to the customer, which is when the product is shipped. Allowances are considered for estimated returns and refunds at the point in time when revenue is recognized. The Company records taxes collected from customers and remitted to governmental authorities on a net basis.

As a practical expedient, the Company recognizes any incremental costs of obtaining contracts as expense as the amortization period is considered to be a year or less. As a practical expedient, the Company accounts for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products.

Shipping and Handling Cost

Amounts billed to third-party customers for shipping and handling are included as a component of revenue. Shipping and handling costs incurred are included as a component of cost of products sold.

Accounts Receivable and Allowance for Credit Losses

The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses and doubtful accounts. The Company's allowance for credit losses consists of losses expected based on known credit issues with specific customers as well as a general expected credit loss allowance based on relevant information, including historical loss rates, current conditions, and reasonable economic forecasts that affect collectability.

Results of Operations

Three months ended June 30, 2025, versus June 30, 2024

The results of operations presented below should be reviewed in conjunction with the unaudited condensed consolidated financial statements and notes included elsewhere in this Quarterly Report. The following table sets forth our results of operations data for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024:

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
Revenues				
Service Revenues				
Advertising	\$ 29,865,890	\$ 23,656,498	\$ 6,209,392	26.2
Affiliate fee	7,343,407	6,844,604	498,803	7.3
Subscription	6,980,039	6,637,273	342,766	5.2
Other	694,871	607,718	87,153	14.3
Product Sales	1,555,537	1,480,639	74,898	5.1
Total revenues	\$ 46,439,744	\$ 39,226,732	\$ 7,213,011	18.4
Cost of revenues	28,797,983	22,505,037	6,292,946	28.0
Gross profit	\$ 17,641,761	\$ 16,721,695	\$ 920,065	5.5
General & administrative	94,047,210	21,472,825	72,574,385	338.0
Other (expense) income, net	1,239,520	(59,442)	1,298,962	(2185.3)
Loss before income tax expense	\$ (75,165,929)	\$ (4,810,572)	\$ (70,355,357)	(1462.5)
Income tax expense	9,693	18,988	(9,295)	(49.0)
Net loss	\$ (75,175,622)	\$ (4,829,560)	\$ (70,346,062)	(1,456.6)

Revenues

Revenues increased by approximately \$7.2 million, or 18.4%, for the three months ended June 30, 2025, compared to the three months ended June 30, 2024. Advertising revenue increased by approximately \$6.2 million due to higher linear cable and satellite advertising revenue due to higher Nielsen ratings which translated to higher rates but was offset by reductions in digital advertising revenue due to 2024 being an election year. Affiliate fee revenues increased by approximately \$0.5 million due to new contractual relationships as well as rate increases which took effect in 2025. Subscription revenue increased by approximately \$0.3 million due to an increase in subscribers of the Newsmax+ streaming service but was offset by reductions in publication subscriptions due to decreased new customer acquisition. Product Sales increased by approximately \$0.1 million due to continued sales of "Pay Zero Taxes" but was offset by lower nutraceutical sales as a result of decreased new customer acquisition.

Cost of Revenues

Cost of revenues increased by approximately \$6.3 million, or 28.0%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase was due to increased headcount, programming and production costs on our main Newsmax TV channel as well as continued investment into Newsmax 2 for OTT to build out the programming to better monetize Newsmax 2 on FAST channels. Other drivers related to the increase include stock-based compensation expense, additional costs for remote shoots to cover news events and increase in SMS messaging.

Gross Profit

Gross profit increased by approximately \$0.9 million, or 5.5%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. Gross profit as a percent of revenues decreased to 38.0% for the three months ended June 30, 2025 from 42.6% for the three months ended June 30, 2024. Gross profit increased mainly due to an increase in revenue around advertising, affiliate fees and Newsmax+.

General and Administrative Expense

General and administrative expense increased by approximately \$72.6 million or 338.0%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The increase was primarily driven by the settlement of the Dominion lawsuit in addition to increased marketing costs, increased travel expense related to news coverage, stock-based compensation and general legal expense

Other (Expense) Income, Net

Other (expense) income net decreased by approximately \$1.3 million, or 2,185.3%, for the three months ended June 30, 2025 compared to the three months ended June 30, 2024. The decrease was primarily driven by interest and dividend income offset by an increase in unrealized losses on marketable securities.

Segment Analysis

The following tables set forth the Company's Revenues and Segment EBITDA for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024:

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Broadcasting	\$ 38,029,015	\$ 29,599,348	\$ 8,429,667	28.5
Digital	8,410,729	9,627,384	(1,216,655)	(12.6)
Total revenues	<u>\$ 46,439,744</u>	<u>\$ 39,226,732</u>	<u>\$ 7,213,011</u>	<u>18.4</u>

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Segment Adjusted EBITDA				
Broadcasting	\$ 1,583,108	\$ 3,831,438	\$ (2,248,330)	(58.7)
Digital	(5,399,183)	(1,924,291)	(3,474,892)	(180.6)
Adjusted EBITDA ¹	<u>\$ (3,816,075)</u>	<u>\$ 1,907,147</u>	<u>\$ (5,723,221)</u>	<u>(300.1)</u>

Broadcasting

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Advertising	\$ 26,225,117	\$ 19,231,906	\$ 6,993,211	36.4
Affiliate fee	7,343,407	6,844,604	498,803	7.3
Subscription	3,765,699	2,915,276	850,423	29.2

¹ For a discussion of Adjusted EBITDA, see "Non-GAAP Financial Measures" below.

Other	694,792	607,562	87,230	14.4
Total revenues	\$ 38,029,015	\$ 29,599,348	\$ 8,429,667	28.5
Cost of revenues	21,558,033	16,623,892	4,934,141	29.7
Gross profit	\$ 16,470,982	\$ 12,975,456	\$ 3,495,526	26.9
General & administrative	14,887,874	9,144,018	5,743,856	62.8
Segment Adjusted EBITDA	\$ 1,583,108	\$ 3,831,438	\$ (2,248,330)	(58.7)

Broadcast Revenues increased by \$8.4 million for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, due to an increase in advertising revenue of approximately \$7.0 million due to higher ratings and pricing, affiliate fee revenue of approximately \$0.5 million, which is attributed to new contractual relationships starting later in 2024 as well as rate increases for 2025, subscription revenue of approximately \$0.9 million from Newsmax+ due to an increase in subscribers.

Broadcast Segment Adjusted EBITDA decreased for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, primarily due to increases in cost of revenues and SG&A expense related to increased headcount, programming and production costs on our main Newsmax TV channel as well as continued investment into Newsmax 2 for OTT to build out the programming to better monetize Newsmax 2 on FAST channels. Additional increases consisted of marketing for TV, audit, consulting and legal fees associated with becoming a public company, costs associated with coverage of the funeral for Pope Francis and the papal conclave for the election of Pope Leo XIV, bad debt adjustments and rent expense.

Digital

	2025	2024	\$ Change	% Change
Revenues				
Advertising	\$ 3,640,773	\$ 4,424,593	\$ (783,820)	(17.7)
Subscription	3,214,341	3,721,997	(507,656)	(13.6)
Product sales	1,555,537	1,480,638	74,899	5.1
Other	78	156	(78)	(50.0)
Total revenues	\$ 8,410,729	\$ 9,627,384	\$ (1,216,655)	(12.6)
Cost of revenues	5,137,983	5,881,145	(743,162)	(12.6)
Gross profit	\$ 3,272,746	\$ 3,746,239	(473,493)	(12.6)
General & administrative	8,671,929	5,670,530	3,001,399	52.9
Segment Adjusted EBITDA ²	\$ (5,399,183)	\$ (1,924,291)	\$ (3,474,892)	(180.6)

Digital Revenues decreased by \$1.2 million for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, due to decreases in advertising revenue due to 2024 being an election year which drives digital advertising revenue as well as subscription revenue as a result of decreased marketing for new customer acquisitions.

Digital Segment Adjusted EBITDA decreased for the three months ended June 30, 2025, as compared to three months ended June 30, 2024, due to increased headcount, consulting and legal fees associated with becoming a public company.

Three months ended June 30, 2025 versus Three months ended June 30, 2024

The following table reconciles Net loss to Adjusted EBITDA for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024:

	2025	2024
Net loss	\$ (75,175,622)	\$ (4,829,560)
Add		

² For a discussion of Adjusted EBITDA, see "Non-GAAP Financial Measures" below.

Depreciation	734,590	820,044
Interest, net	(1,794,598)	(3,791)
Unrealized (gain) loss on marketable securities	500,736	34,772
Stock-based compensation	3,417,686	—
Other corporate matters ³	68,437,098	5,838,233
Other, net ⁴	54,342	28,461
Income tax expense	9,693	18,988
Adjusted EBITDA ⁵	<u>\$ (3,816,075)</u>	<u>\$ 1,907,147</u>

Six months ended June 30, 2025, versus June 30, 2024

The results of operations presented below should be reviewed in conjunction with the unaudited condensed consolidated financial statements and notes included elsewhere in this Quarterly Report. The following table sets forth our results of operations data for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024:

	Six Months Ended			
	June 30,		\$ Change	% Change
	2025	2024		
Revenues				
Service Revenues				
Advertising	\$ 58,753,084	\$ 49,108,844	\$ 9,644,240	19.6
Affiliate fee	14,771,830	13,445,240	1,326,590	9.9
Subscription	13,962,199	12,972,385	989,814	7.6
Other	1,132,434	1,383,001	(250,567)	(18.1)
Product Sales	\$ 3,121,905	\$ 2,916,907	\$ 204,998	7.0
Total revenues	<u>\$ 91,741,452</u>	<u>\$ 79,826,377</u>	<u>\$ 11,915,074</u>	<u>14.9</u>
Cost of revenues	54,637,552	44,199,635	10,437,917	23.6
Gross profit	<u>\$ 37,103,900</u>	<u>\$ 35,626,742</u>	<u>\$ 1,477,157</u>	<u>4.1</u>
General & administrative	125,082,127	91,221,216	33,860,911	37.1
Other (expense) income, net	(4,415,226)	102,187	(4,517,413)	(4,420.7)
Loss before income tax expense	<u>\$ (92,393,453)</u>	<u>\$ (55,492,287)</u>	<u>\$ (36,901,166)</u>	<u>(66.5)</u>
Income tax expense	14,693	20,960	(6,267)	(29.9)
Net loss	<u>\$ (92,408,146)</u>	<u>\$ (55,513,247)</u>	<u>\$ (36,894,899)</u>	<u>(66.5)</u>

Revenues

Revenues increased by approximately \$11.9 million, or 14.9%, for the six months ended June 30, 2025, compared to the six months ended June 30, 2024. Advertising revenue increased by approximately \$9.6 million due to higher linear cable and satellite advertising revenue due to higher Nielsen ratings which translated to higher rates but was offset by reductions in digital advertising revenue due to 2024 being an election year. Affiliate fee revenues increased by approximately \$1.3 million due to new contractual relationships as well as rate increases which took effect in 2025. Subscription revenue increased by approximately \$1.0 million due to an increase in subscribers of the Newsmax+ streaming service but was offset by reductions in publication subscriptions due to decreased new customer acquisition. Product Sales increased by approximately \$0.2 million due to sales of the new book releases "Pay Zero Taxes", "Turnaround" and "Plan Red" but was offset by lower nutraceutical sales as a result of decreased new customer acquisition.

³ Comprised of certain litigation expenses, and related fees, for specific legal proceedings that the Company has determined are infrequent and unusual in terms of their magnitude.

⁴ Comprised of miscellaneous items such as derivative adjustments, income tax credits, and unrealized gains on securities

⁵ For a discussion of Adjusted EBITDA, see "Non-GAAP Financial Measures" below.

Cost of Revenues

Cost of revenues increased by approximately \$10.4 million, or 23.6%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase was due to increased headcount, programming and production costs on our main Newsmax TV channel as well as continued investment into Newsmax 2 for OTT to build out the programming to better monetize Newsmax 2 on FAST channels. Other drivers related to the increase include stock-based compensation expense additional costs for remote shoots to cover news events and increase in SMS messaging.

Gross Profit

Gross profit increased by approximately \$1.5 million, or 4.1%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. Gross profit as a percent of revenues decreased to 40.4% for the six months ended June 30, 2025 from 44.6% for the six months ended June 30, 2024. Gross profit increased mainly due to an increase in revenue around advertising, affiliate fees and Newsmax+.

General and Administrative Expense

General and administrative expense increased by approximately \$33.9 million or 37.1%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase was primarily driven by the settlement of the Dominion lawsuit with additional increases in additional marketing costs, increased travel expense related to news coverage, stock-based compensation and general legal expenses.

Other (Expense) Income, Net

Other (expense) income net increased by approximately \$4.5 million, or 4,420.7%, for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase was primarily driven by non-cash mark to market adjustments for the derivative and warrant liabilities offset by increases in interest and dividend income as well as an increases in unrealized gains on marketable securities.

Segment Analysis

The following tables set forth the Company's Revenues and Segment EBITDA for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024:

	2025	2024	\$ Change	% Change
Revenues				
Broadcasting	\$ 74,216,192	\$ 59,710,252	\$ 14,505,940	24.3
Digital	17,525,260	20,116,125	(2,590,865)	(12.9)
Total revenues	<u>\$ 91,741,452</u>	<u>\$ 79,826,377</u>	<u>\$ 11,915,074</u>	<u>14.9</u>

	2025	2024	\$ Change	% Change
Segment Adjusted EBITDA				
Broadcasting	\$ 4,734,597	\$ 7,604,775	\$ (2,870,178)	(37.7)
Digital	(8,141,865)	(2,499,803)	(5,642,062)	(225.7)
Adjusted EBITDA	<u>\$ (3,407,268)</u>	<u>\$ 5,104,972</u>	<u>\$ (8,512,239)</u>	<u>(166.7)</u>

Broadcasting

	2025	2024	\$ Change	% Change
Revenues				
Advertising	\$ 50,856,696	\$ 39,535,301	\$ 11,321,395	28.6
Affiliate fee	14,771,830	13,445,240	1,326,590	9.9
Subscription	7,455,375	5,347,149	2,108,226	39.4

Other	1,132,292	1,382,562	(250,270)	(18.1)
Total revenues	\$ 74,216,193	\$ 59,710,252	\$ 14,505,941	24.3
Cost of revenues	41,520,756	33,152,437	8,368,319	25.2
Gross profit	\$ 32,695,437	\$ 26,557,815	\$ 6,137,622	23.1
General & administrative	27,960,840	18,953,040	9,007,800	47.5
Segment Adjusted EBITDA	\$ 4,734,597	\$ 7,604,775	\$ (2,870,178)	(37.7)

Broadcast Revenues increased by \$14.5 million for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, due to an increase in advertising revenue of approximately \$11.3 million due to higher ratings and pricing, affiliate fee revenue of approximately 1.3 million, which is attributed to new contractual relationships starting later in 2024 as well as rate increases for 2025, subscription revenue of approximately 2.1 million from Newsmax+ due to an increase in subscribers.

Broadcast Segment Adjusted EBITDA decreased for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily due to increases in cost of revenues and G&A expense related to increased headcount, programming and production costs on our main Newsmax TV channel as well as continued investment into Newsmax 2 for OTT to build out the programming to better monetize Newsmax 2 on FAST channels. Additional increases consisted of marketing for TV, audit, consulting and legal fees associated with becoming a public company and costs associated with coverage of President Donald J. Trump's inauguration on January 20, 2025. These expense increases were offset by reductions in distribution and carriage costs, fulfillment costs and bank fees.

Digital

	2025	2024	\$ Change	% Change
Revenues				
Advertising	\$ 7,896,388	\$ 9,573,544	\$ (1,677,156)	(17.5)
Subscription	6,506,824	7,625,236	(1,118,412)	(14.7)
Product sales	3,121,904	2,916,906	204,998	7.0
Other	143	439	(296)	(67.4)
Total revenues	\$ 17,525,259	\$ 20,116,125	\$ (2,590,866)	(12.9)
Cost of revenues	10,362,681	11,047,197	(684,516)	(6.2)
Gross profit	\$ 7,162,578	\$ 9,068,928	\$ (1,906,350)	(21.0)
General & administrative	15,304,443	11,568,731	3,735,712	32.3
Segment Adjusted EBITDA	\$ (8,141,865)	\$ (2,499,803)	\$ (5,642,062)	(225.7)

Digital Revenues decreased by \$2.6 million for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, due to decreases in advertising revenue due to 2024 being an election year which drives digital advertising revenue as well as subscription revenue as a result of decreased marketing for new customer acquisitions.

Digital Segment Adjusted EBITDA decreased for the six months ended June 30, 2025, as compared to six months ended June 30, 2024, due to increased headcount, consulting and legal fees associated with becoming a public company as well as stock compensation expense for the stock options issued in March 2025.

Six months ended June 30, 2025 versus six months ended June 30, 2024

The following table reconciles Net loss to Adjusted EBITDA for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024:

	2025	2024
Net loss	\$ (92,408,146)	\$ (55,513,247)
Add		
Depreciation	1,471,465	1,625,093
Interest, net	(2,842,829)	(5,299)

Unrealized (gain) loss on marketable securities	(1,084,844)	(128,574)
Stock-based compensation	4,994,794	—
Other corporate matters ⁶	78,104,701	59,074,353
Other, net ⁷	8,342,898	31,686
Income tax expense	14,693	20,960
Adjusted EBITDA ⁸	<u>\$ (3,407,268)</u>	<u>\$ 5,104,972</u>

Liquidity and Capital Resources

The Company had approximately \$33.8 million of cash and cash equivalents and \$164.1 million in investments as of June 30, 2025. The Company's primary sources of liquidity include cash on hand and available-for-sale investments.

On September 26, 2024, the Company entered into a settlement agreement with Smartmatic pursuant to which the parties agreed to resolve the lawsuits among them. The Company agreed to pay a settlement of approximately \$40 million payable over time and granted a five year warrant to purchase 2,000 of Series B preferred stock at an exercise price of \$5,000 per share. Following the conversion of the underlying Series B preferred stock into Class B common stock in connection with the Company's March 28, 2025 initial public offering, Smartmatic has a five year warrant to purchase 1,333,333 shares of Class B common stock at an exercise price of \$7.50 per share. Refer to Note 12. Legal for details of the settlement. As of the date hereof, the Company has made all payments required under the settlement agreement.

On August 15, 2025, Newsmax Media, Inc. and Newsmax Broadcasting, LLC entered into a settlement agreement with Dominion Voting Systems, Inc. and certain of its affiliates ("Dominion"), pursuant to which such parties agreed to resolve the lawsuit among them for a total amount of \$67 million to be paid in the current and next two fiscal years. The payments will be made in three installments: (1) \$27 million paid on August 15, 2025; (2) \$20 million on or before January 15, 2026; and (3) \$20 million on or before January 15, 2027.

The principal uses of cash that affect the Company's liquidity position include the following: operational expenditures including production cost, marketing and promotional expenses, expenses related to broadcasting the Company's programming, employee and facility costs, capital expenditures, income taxes, interest payments and legal fees and settlements.

The Company completed the Private Placement on February 27, 2025, having sold 45,000 shares of its Series B Preferred Stock, resulting in net proceeds to the Company of approximately \$206.7 million.

The Company believes these sources of liquidity are sufficient to meet its business operating requirements and its capital expenditures for the next 12 months.

Convertible Preferred Stock

Convertible Preferred Stock as of June 30, 2025 and December 31, 2024 (0 and 41,034 total shares authorized, respectively, and all classes are \$0.001 par value per share) is as follows:

Class	Issued and Outstanding as of	
	June 30, 2025	December 31, 2024
Series A	\$ —	611
Series A (with redemption rights)	\$ —	35
Series A-1	\$ —	1,222
Series A-2	\$ —	2,647
Series A-3	\$ —	1,060

⁶ Comprised of certain litigation expenses, and related fees, for specific legal proceedings that the Company has determined are infrequent and unusual in terms of their magnitude.

⁷ Comprised of miscellaneous items such as derivative adjustments, income tax credits, and unrealized gains on securities

⁸ For a discussion of Adjusted EBITDA, see "Non-GAAP Financial Measures" below.

Series B	\$	—	27,612
	\$	—	33,187

Cash and Cash Equivalents

As of June 30, 2025, cash and cash equivalents balance was approximately \$33.8 million. Cash and cash equivalents consist of interest-bearing deposit accounts and money market accounts managed by third-party financial institutions, and highly liquid investments with maturities of three months or less. The existing cash and cash equivalents, along with projected cash flows, are sufficient to fund our liquidity needs for the next 12 months. At this time, we do not anticipate the need to raise additional capital.

The following table shows our cash flows from operating activities, investing activities and financing activities for the stated periods:

	June 30,	
	2025	2024
Net cash provided by (used in):		
Operating activities	\$ (38,947,863)	\$ (7,427,580)
Investing activities	(104,417,322)	106,696
Financing activities	153,154,337	7,935,636

Operating Activities

Net cash used in operating activities for the six months ended June 30, 2025 was \$38.9 million and was primarily due to a net loss and decrease in settlement liability.

Net cash used in operating activities for the six months ended June 30, 2024 was \$7.4 million and was primarily due to a net loss and offset by the change in fair value of warrant liability and increases in settlement liability and accrued expenses.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2025 was \$104.4 million primarily due to an increase in the purchase of investments.

Net cash provided by investing activities for the six months ended June 30, 2024 was \$0.11 million primarily due to an increase in the sale of investments offset by purchases of fixed assets.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2025 was \$153.2 million primarily due to a proceeds received from issuances of convertible stock and common stock in the initial public offering.

Net cash provided by financing activities for the six months ended June 30, 2024 was \$7.94 million primarily due to a proceeds received from issuances of convertible stock.

Non-GAAP Financial Measures

Adjusted EBITDA is defined as revenues less cost of revenues and general and administrative expenses and does not include depreciation and amortization, interest expense, net, impairment charges, unrealized gains (losses) on marketable securities, stock-based compensation, other corporate matters (consisting primarily of certain litigation expenses, and related fees, for specific legal proceedings that the Company has determined are infrequent and unusual in terms of their magnitude), other, net, and income tax expense.

Management believes that information about Adjusted EBITDA assists all users of the Company’s financial statements by allowing them to evaluate changes in the operating results of the Company’s portfolio of businesses separate from non-operational factors that affect net income, thus providing insight into both operations and the other factors that affect reported results. Adjusted EBITDA provides management, investors and equity analysts a measure to analyze the operating performance of the Company’s business and its enterprise value against historical data and competitors’ data, although historical results, including Adjusted EBITDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

Adjusted EBITDA is considered a non-GAAP financial measure and should be considered in addition to, not as a substitute for, net income, cash flow and other measures of financial performance reported in accordance with U.S. generally accepted accounting principles (“GAAP”). In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment charges, which are significant components in assessing the Company’s financial performance. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Off-Balance Sheet Arrangements

As of June 30, 2025, we did not have any off-balance sheet arrangements.

Critical Accounting Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in Part II; Item 7: “Management’s Discussion and Analysis of Financial Condition and Results of Operations; Critical Accounting Policies” contained in our Annual Report on Form 10-K for the year ended December 31, 2024.

JOBS Act Accounting Election

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (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 registration statement declared effective under the Securities Act of 1933, as amended, or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”)) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth 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 an 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 that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15(d)-15(e) of the Exchange Act, as of June 30, 2025. Based on such evaluation, our CEO and CFO have concluded that as of June 30, 2025, our disclosure controls and procedures were not effective due to material weaknesses in our internal control over financial reporting described below.

Internal Control over Financial Reporting

Our management identified material weaknesses in our internal control over financial reporting as of December 31, 2024. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

We identified the following material weaknesses in our internal control over financing reporting:

- Lack of adequate policies and procedures to support the operation of the Company's business processes and internal control framework, including monitoring activities. In addition, the Company has not documented risk assessment procedures to set suitable objectives, identify relevant business risks, assess fraud risk, and develop associated responses to those risks. This includes designing appropriate business process controls in each of the following business cycles: revenue (including evaluation of new and modified contracts for proper accounting), period-end reporting, procure to pay, asset management, treasury, payroll, equity and income tax.
- Evidence is not maintained to support the review and approval of the complete population of journal entries including maintaining appropriate segregation of duties.
- Evidence is not maintained to support that certain controls were appropriately designed and implemented to ensure timely reporting of complete and accurate financial information. Specifically, the Company lacked evidence over review of subledgers and account reconciliations to ensure timely detection of material misstatements in financial statement balances and the related footnote disclosures in each of the following business cycles: revenue, period-end reporting (including financial statement disclosures), procure to pay, asset management, and treasury.
- Management did not fully design, implement and monitor general information technology controls in the areas related to privileged access, provisioning, terminations, user access review, vulnerability assessment and backup recovery controls and segregation of duties for systems supporting substantially all of the Company's internal control processes. These ineffective information technology controls contributed to (i) improper segregation of duties among certain business process controls and (ii) ineffective data validation of spreadsheets and system-generated reports.

As of June 30, 2025, these material weaknesses still exist. We are committed to remediating the material weaknesses described above and continuing remediation efforts during 2025. We intend to initiate and implement several remediation measures including, but not limited to, hiring additional accounting staff with the requisite background and knowledge, engaging third parties to assist in complying with the accounting and financial reporting requirements related to significant and complex transactions as well as adding personnel to assist Newsmax Inc. with formalizing its business process, accounting policies and internal control documentation, strengthening supervisory reviews by our management team, and evaluating the effectiveness of our internal controls. While our efforts are ongoing, we plan to take additional steps to remediate the material weaknesses, improve our financial reporting systems, and implement new policies, procedures, and controls. However, we cannot be certain that our efforts will successfully remediate our material weaknesses.

Newsmax Inc.'s future compliance with Section 404 of the Sarbanes-Oxley Act may require that it incur substantial accounting expenses and expend significant management efforts. Newsmax Inc. may not be able to complete its evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if Newsmax Inc. identifies one or more material weaknesses in its internal control over financial reporting, it may be unable to assert that its internal control over financial reporting is effective. Any failure to maintain internal control over financial reporting could severely inhibit Newsmax Inc.'s ability to accurately report our financial condition, results of operations or cash flows. If Newsmax Inc. is unable to conclude that its internal control over financial reporting is effective, it could lose investor confidence in the accuracy and completeness of its financial reports, the value of the Shares could decline, and it could be subject to sanctions or investigations by regulatory authorities. Failure to remediate any material weakness in Newsmax Inc.'s internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict Newsmax Inc.'s future access to the capital markets.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting

Part II - Other Information

ITEM 1. LEGAL PROCEEDINGS

The Company is subject from time to time to a number of lawsuits, including claims relating to competition, intellectual property rights, alleged libel or defamation, employment and labor matters, personal injury and property damage, free speech, customer privacy, regulatory requirements, and advertising, marketing and selling practices. Except as set forth below, the Company is currently not aware of any legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on the Company's business, financial condition or operating results. For more information, see "Risk Factors – Risks Related to Legal and Regulatory Matters".

On August 10, 2021, Dominion Voting Systems Corporation, Inc. or certain of its affiliates, an election technology company, filed a complaint against Newsmax Media in the Superior Court of the State of Delaware for defamation in connection with our coverage of the 2020 Presidential election, seeking up to \$1.6 billion in compensatory damages as well as punitive damages. On August 15, 2025, Newsmax Media, Inc. and Newsmax Broadcasting, LLC entered into a settlement agreement with Dominion Voting Systems, Inc. and certain of its affiliates ("Dominion"), pursuant to which such parties agreed to resolve the lawsuit among them for a total amount of \$67 million to be paid in the current and next two fiscal years. The payments will be made in three installments: (1) \$27 million paid on August 15, 2025; (2) \$20 million on or before January 15, 2026; and (3) \$20 million on or before January 15, 2027.

In addition, on November 3, 2021, Smartmatic USA Corp. or certain of its affiliates, another election technology company, filed a complaint against Newsmax Media in the Superior Court of the State of Delaware for defamation, seeking compensatory, consequential and punitive damages to be determined at trial. Newsmax Media reached a settlement agreement with Smartmatic on September 26, 2024, pursuant to which all claims will be released by Smartmatic for consideration, including a cash amount of approximately \$40 million payable over time and granted a five year warrant to purchase 2,000 of class B preferred stock at an exercise price of \$5,000 per share. Following the conversion of the underlying Series B preferred stock into Class B common stock in connection with the Company's March 28, 2025 initial public offering, Smartmatic has a five year warrant to purchase 1,333,333 shares of Class B common stock at an exercise price of \$7.50 per share. Management believes the settlement with Smartmatic will, subject to the payment of all consideration in a timely manner, reduce then eliminate future legal expenses the Company would have expected to bear related to this suit, which could have included costly appellate legal actions and other matters. A stipulation of dismissal will be filed with the court. Refer to Note 12. Legal for details of the settlement.

ITEM 1A. RISK FACTORS

The following risks update the risk factors previously disclosed in the Company's Annual Report. Please refer to Part I, Item 1.A Risk Factors in the Company's Annual Report for other risks related to our business.

We are subject to risks of doing business in other countries, including those related to tariffs, trade restrictions and government actions.

We are subject to the risks of doing business internationally, which increasingly include the following:

- changes in regulatory requirements or other executive branch actions, such as Executive Orders;
- changes in the global trade environment, including potential deterioration in geopolitical or trade relations between countries;
- disputes with authorities in non-U.S. jurisdictions, including international trade authorities;
- imposition of domestic and international taxes, export controls, tariffs, duties, embargoes, sanctions and other trade restrictions;
- changes to U.S. and non-U.S. government policies, including sourcing restrictions, requirements to expend a portion of program funds locally and governmental industrial cooperation or participation requirements; and
- the complexity and necessity of using non-U.S. representatives and consultants.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Private Placement

In June 2024, the Company launched an offering of its Series B Preferred Stock in a private placement pursuant to Regulation D of the Securities Act of 1933, as amended (the "Private Placement"). The initial offering was for up to 30,000 shares of Series B Preferred Stock at \$5,000 per share for a base offering amount of \$150,000,000, with the option to expand up to 45,000 shares of Series B Preferred Stock for an offering amount of \$225,000,000. The Company completed the Private Placement on February 27, 2025, having sold 45,000 shares of its Series B Preferred Stock, resulting in net proceeds to the Company of approximately \$206.7 million. In connection with the Private Placement, the Company issued a three-year warrant to Digital Offering, LLC, as placement agent for the Private Placement, exercisable for 600,000 shares of Series B Preferred Stock with an exercise price per share of \$12.50. The shares of common stock described above were issued in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act in that such transactions did not involve a public offering and/or Regulation D promulgated thereunder.

Regulation A Offering

On February 7, 2025, the Company filed an offering statement on Form 1-A (as amended, the "Offering Statement", File #024-12567) with the SEC for the sale of up to 7,500,000 shares of Class B Common Stock at \$10.00 per share (the "Reg A IPO"). The Offering Statement was declared qualified by the SEC on March 7, 2025. The Company completed the Reg A IPO on March 28, 2025, having sold 7,500,000 shares of its Class B Common Stock, resulting in net proceeds to the Company of approximately \$70.3 million, after deducting commissions. Digital Offering, LLC acted as lead selling agent. The shares of Class B Common Stock were issued pursuant to Regulation A of Section 3(b) of the Securities Act for Tier 2 offerings.

Use of Proceeds from Regulation A Offering

The Company intends to use the net proceeds from the Reg A IPO for its own general and corporate expenses. The Company may, in its sole discretion, make capital contributions to Newsmax Media from time to time to fund working capital needs and business initiatives. Such working capital needs may include costs related to talent and programming, marketing, distribution and digital expansion. In the ordinary course of business, Newsmax Media expects to evaluate the acquisition of, investment in or in-license of complementary products, technologies or businesses, and could use a portion of the net proceeds from the Reg A IPO for such activities; however, Newsmax Media currently does not have any agreements, arrangements, or commitments with respect to any potential acquisition, investment or license.

The expected use of the net proceeds from the Reg A IPO represents the Company's intentions based upon its current plans, financial condition and business conditions. Predicting the cost to be used in Newsmax Inc. and the Subsidiaries' businesses can be difficult and the amounts and timing of their actual expenditures may vary significantly depending on numerous factors including the status of our development efforts, sales and marketing activities and the amount of cash generated or used by our operations. The Company may find it necessary or advisable to use portions of the proceeds for other purposes. As a result, the Company's management will retain broad discretion over the allocation of the net proceeds from the Reg A IPO.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the fiscal quarter ended June 30, 2025, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 6. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of this Quarterly Report on Form 10-Q

1. Consolidated Financial Statements: See accompanying Index to Consolidated Financial Statements.

2. Consolidated Financial Statement Schedules: Financial statement schedules are omitted either due to the absence of conditions under which they are required or because the information required is included in the notes to the Company's Consolidated Financial Statements.

(b) Exhibit Index

Exhibit No.	Description
10.1	Standby Equity Purchase Agreement, dated April 4, 2025, by and between the Company and YA II PN, Ltd. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 7, 2025).
31.1*	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104*	Cover Page Interactive Data File - the cover page of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 is formatted in Inline XBRL.

* Filed herewith.

** This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

+ Indicates a management contract or compensatory plan.

¥ Certain exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 19, 2025

NEWSMAX INC.

/s/ Christopher Ruddy

Christopher Ruddy
Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 19, 2025

/s/ Darryle Burnham

Darryle Burnham
Chief Financial Officer
(Principal Financial Officer and Accounting Officer)

**Certification of Chief Executive Officer of Newsmax Inc.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Christopher Ruddy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Newsmax 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 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)) 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, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [Omitted];
 - 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 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 19, 2025

/s/ Christopher Ruddy

Christopher Ruddy
Chief Executive Officer
(Principal Executive Officer)

**Certification of Chief Financial Officer of Newsmax Inc.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Darryle Burnham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Newsmax 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 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)) 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, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [Omitted];
 - 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 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 19, 2025

/s/ Darryle Burnham

Darryle Burnham

Chief Financial Officer

(Principal Financial and Accounting Officer)

**Statement of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 1350 of Title 18 of the United States Code**

Pursuant to Section 1350 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Christopher Ruddy and Darryle Burnham, the Chief Executive Officer and Chief Financial Officer, respectively, of Newsmax Inc. (the "Company"), hereby certify that based on the undersigned's knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2025 (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 the Company.

Date: August 19, 2025

/s/ Christopher Ruddy

Christopher Ruddy
Chief Executive Officer
(Principal Executive Officer)

Date: August 19, 2025

/s/ Darryle Burnham

Darryle Burnham
Chief Financial Officer
(Principal Financial and Accounting Officer)