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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2021

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**COMMISSION FILE NO. 1-11602**

**NANO MAGIC HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

**47-1598792**

(State or other jurisdiction of  
incorporation or organization)

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

**31601 Research Park Drive, Madison Heights, MI 48071**

(Address of principal executive office, including Zip Code)

Registrant's telephone number, including area code: **(844) 273-6462**

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$0.0001 par value	NMGX	OTC Markets

Securities registered pursuant to Section 12(g) of the Exchange Act: **None**

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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post 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 "accelerated filer", "large 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  (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No.

As of July 28, 2021, the registrant had 9,657,347 shares of Common Stock issued and outstanding.

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Nano Magic Holdings Inc.

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## FORWARD-LOOKING STATEMENTS

This Form 10-Q contains certain forward-looking statements that we believe are within the meaning of the federal securities laws. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements, including the statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding our strategy, future operations, future expectations or future estimates, financial position and objectives of management. Those statements in this Form 10-Q containing the words “believes,” “anticipates,” “plans,” “expects” and similar expressions constitute forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and are subject to a number of risks, uncertainties and assumptions relating to our operations, results of operations, competitive factors, shifts in market demand and other risks and uncertainties.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate and actual results may differ from those indicated by the forward-looking statements included in this Form 10-Q. In light of the significant uncertainties inherent in the forward-looking statements included in this Form 10-Q, you should not consider the inclusion of such information as a representation by us or anyone else that we will achieve such results. Moreover, we assume no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NANO MAGIC HOLDINGS INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

	For the Three Months Ended March 31,	
	2021	2020
REVENUES:		
Products	\$ 2,182,446	\$ 241,717
Contract services	128,729	206,457
Total Revenues	<u>2,311,175</u>	<u>\$ 448,174</u>
COST OF REVENUES:		
Products	1,131,768	222,818
Contract services	152,430	166,899
Total Cost of Revenues	<u>1,284,198</u>	<u>389,717</u>
GROSS PROFIT	<u>1,026,977</u>	<u>58,457</u>
OPERATING EXPENSES:		
Selling and marketing expenses	36,896	11,057
Salaries, wages and related benefits	551,730	144,633
Research and development	1,876	16,652
Professional fees	212,106	124,752
General and administrative expenses	184,582	137,070
Other operating income, net	(336,017)	-
Total Operating Expenses	<u>651,173</u>	<u>434,164</u>
INCOME (LOSS) FROM OPERATIONS	<u>375,804</u>	<u>(375,707)</u>
OTHER EXPENSE:		
Interest expense	5,407	2,108
Total Other Expense	<u>5,407</u>	<u>2,108</u>
NET INCOME (LOSS)	<u>\$ 370,397</u>	<u>\$ (377,815)</u>
NET INCOME (LOSS) PER COMMON SHARE:		
Basic	<u>\$ 0.04</u>	<u>\$ (0.06)</u>
Diluted	<u>\$ 0.04</u>	<u>\$ (0.06)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	<u>8,906,219</u>	<u>6,501,208</u>
Diluted	<u>8,906,219</u>	<u>6,501,208</u>

See accompanying notes to condensed consolidated financial statements.

**NANO MAGIC HOLDINGS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	<b>March 31</b>	<b>December 31</b>
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 2,114,853	\$ 288,134
Investments	10,473	\$ 10,473
Accounts receivable, net	928,201	1,235,069
Inventory, net	970,476	841,694
Prepaid expenses and other current assets	336,798	278,461
<b>Total Current Assets</b>	<b>4,360,801</b>	<b>2,653,831</b>
Operating lease right-of-use assets	1,467,818	1,518,308
Property, plant and equipment, net	612,095	613,471
Other assets	5,890	5,890
<b>Total Assets</b>	<b>\$ 6,446,604</b>	<b>\$ 4,791,500</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 930,419	\$ 1,136,756
Accounts payable - related parties	-	12,000
Accrued expenses and other current liabilities	300,518	351,075
Current portion of debt	215,964	97,581
Advances from related parties	134,887	145,387
Current portion of operating lease liabilities	150,030	186,898
Contract liabilities	64,703	90,562
<b>Total Current Liabilities</b>	<b>1,796,521</b>	<b>2,020,259</b>
Debt, net of current portion	265,600	178,300
Operating lease liabilities, net of current portion	1,048,435	1,195,521
<b>Total Liabilities</b>	<b>3,110,556</b>	<b>3,394,080</b>
Commitments and Contingencies (See Note 7)		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$0.0001 par value, 100,000 shares authorized; no shares issued and outstanding	-	-
Common stock: \$0.0001 par value, 30,000,000 shares authorized; 9,657,347 and 8,459,995 outstanding at March 31, 2021 and December 31, 2020, respectively	965	846
Additional paid-in capital	11,435,286	9,867,174
Accumulated deficit	(8,100,203)	(8,470,600)
<b>Total Stockholders' Equity</b>	<b>3,336,048</b>	<b>1,397,420</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 6,446,604</b>	<b>\$ 4,791,500</b>

See accompanying notes to condensed consolidated financial statements.

**NANO MAGIC HOLDINGS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(unaudited)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance, December 31, 2019</b>	6,222,881	\$ 622	\$ 7,242,067	\$ (7,689,545)	\$ (446,856)
Common stock issued for cash, net of issuance costs	956,013	96	621,313	-	621,409
Common stock issued for services	21,048	2	11,998	-	12,000
Stock based compensation	-	-	24,475	-	24,475
Warrants and options on private placement	-	-	37,058	-	37,058
Stock subscription payable	-	-	181,533	-	181,533
Net loss	-	-	-	(377,815)	(377,815)
<b>Balance, March 31, 2020</b>	<u>7,199,942</u>	<u>720</u>	<u>8,118,444</u>	<u>(8,067,360)</u>	<u>51,804</u>

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance, December 31, 2020</b>	8,459,995	\$ 846	\$ 9,867,174	\$ (8,470,600)	\$ 1,397,420
Common stock issued for cash, net of issuance costs	1,154,462	115	1,442,962	-	1,443,077
Common stock issued for services and for stock appreciation rights	42,890	4	40,996	-	41,000
Warrants and options on private placement	-	-	57,723	-	57,723
Stock based compensation	-	-	26,431	-	26,431
Net income	-	-	-	370,397	370,397
<b>Balance, March 31, 2021</b>	<u>9,657,347</u>	<u>965</u>	<u>11,435,286</u>	<u>(8,100,203)</u>	<u>3,336,048</u>

See accompanying notes to condensed consolidated financial statements.

**NANO MAGIC HOLDINGS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	<b>For the Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 370,397	\$ (377,815)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Change in inventory obsolescence reserve	-	12,566
Depreciation and amortization expense	24,458	(4,841)
Stock-based compensation	67,431	36,475
Change in operating assets and liabilities:		
Accounts receivable	306,869	(47,020)
Inventory	(128,783)	(13,950)
Prepaid expenses and other assets	(58,337)	(3,691)
Accounts payable	(206,339)	(32,522)
Operating lease liabilities	3,751	752
Accounts payable - related parties	(12,000)	
Customer deposits	-	66,943
Accrued expenses	(50,557)	(36,032)
Deferred revenue	(25,859)	(68,754)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>291,031</b>	<b>(467,889)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(22,962)	(1,475)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(22,962)</b>	<b>(1,475)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank loan	(10,955)	(10,378)
Proceeds from bank loan	79,305	(3,000)
Proceeds from sale of common stock and warrants	1,500,800	840,000
Repayment of advances from related parties	(10,500)	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,558,650</b>	<b>826,622</b>
<b>NET INCREASE IN CASH</b>	<b>1,826,719</b>	<b>357,258</b>
CASH, beginning of period	288,134	216,801
CASH, end of period	\$ 2,114,853	\$ 574,059
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the period for interest		
Interest	\$ 5,407	\$ 2,108

See accompanying notes to condensed consolidated financial statements.

**NANO MAGIC HOLDINGS INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021**  
**(unaudited)**

**NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION**

**Organization**

Nano Magic Holdings Inc. (“we”, “us”, “our”, “Nano Magic” or the “Company”), a Delaware corporation, develops and sells a portfolio of nano-layer coatings, nano-based cleaners, and nano-composite products based on its proprietary technology, and performs nanotechnology product research and development generating revenues through performing contract services. On March 3, 2020, we changed our name from PEN Inc. to Nano Magic Inc. and on March 2, 2021 we changed our name to Nano Magic Holdings Inc.

Through the Company’s wholly-owned subsidiary, Nano Magic LLC, formerly known as PEN Brands LLC, we develop, manufacture and sell consumer and institutional products using nanotechnology to deliver unique performance attributes at the surfaces of a wide variety of substrates. These products are marketed internationally directly to consumers and also to retailers and other institutional customers. On March 31, 2020, PEN Brands LLC changed its name to Nano Magic LLC.

Through the Company’s wholly-owned subsidiary, Applied Nanotech, Inc., we primarily perform contract research services for the Company and for governmental and private customers.

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for interim financial information. Accordingly, they do not include all the information and disclosures required by US GAAP for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of March 31, 2021 and for the three months ended March 31, 2021 and 2020. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the operating results for the full year ending December 31, 2021 or any other period. The balance sheet at December 31, 2020 has been derived from the audited financial statement at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related disclosures of the Company as of December 31, 2020 and for the year then ended, which were filed with the Securities and Exchange Commission on Form 10-K on May 28, 2021.

**Going Concern Matters and Management’s Plan**

As indicated in the accompanying condensed consolidated financial statements, the Company has positive working capital on March 31, 2021 and at December 31, 2020, including \$2,114,853 and \$288,134 of cash at March 31, 2021 and December 31, 2020, respectively. The Company had net income of \$370,397 for the quarter ended March 31, 2021 and net cash provided by operating activities of \$291,031 for the period, but reported a net loss of \$781,055 for the year ended December 31, 2020 and negative cash flows from operations of \$2,001,004 for the year. The consolidated statements of operations also reflect an increase in Product sales of \$1,940,729 or 803% for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. Management has considered whether there is substantial doubt about its ability to continue as a going concern in light of the historical operating losses and negative cash flows from operations. Considering the increased sales generating increased revenue, the net income for the first quarter of 2021 and the positive working capital at March 31, 2021 and December 31, 2020, the Company believes that its capital resources are sufficient to maintain its business operations for the next twelve months. Moreover, the Company is implementing a marketing plan under which management projects sales to increase in 2021 and 2022 as compared to 2020 that are expected to contribute additional funds to maintain operations.



The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. They do not include any adjustments related to the recoverability and/or classification of the recorded asset amounts and/or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

## NOTE 2 – INVENTORY

At March 31, 2021 and December 31, 2020, inventory consisted of the following:

	March 31, 2021	December 31, 2020
Raw materials	\$ 847,361	\$ 632,055
Work-in-progress	185,590	176,392
Finished goods	52,191	147,913
	<u>1,085,142</u>	<u>956,360</u>
Less: reserve for obsolescence	(114,666)	(114,666)
Inventory, net	<u>\$ 970,476</u>	<u>\$ 841,694</u>

## NOTE 3 – FACTORING

The Company participates in a factoring program with NOWaccount ® Network Corporation (“NOW”). At the time of a sale, NOW buys the receivables at a discount, based on the due date and other terms. Cost associated with this program was \$3,464 for the period ended March 31, 2021.

## NOTE 4 – DEBT

On February 10, 2015, Nano Magic entered a \$373,000 promissory note (the “Equipment Note”) with KeyBank, N.A. (the “Bank”). The unpaid principal balance of this Equipment Note is payable in 60 equal monthly installments payments of principal and interest through June 10, 2020. The Equipment Note is secured by certain equipment, as defined in the Equipment Note, and bears interest computed at a rate of interest of 4.35% per annum based on a year of 360 days. On June 18, 2019, Nano Magic entered into an Amendment to the Equipment Note with the Bank. By the amendment, the maturity date of the note was extended until April 10, 2022, the interest rate was raised to 6.29% per year, and the monthly payments were reduced to \$4,053 per month, including interest. At March 31, 2021, the principal amount due under the Equipment Note amounted to \$75,242 and is current.

On August 11, 2020, the company entered into a finance lease for furniture that will be used in the new Michigan facility. We financed \$60,684 over a period of 36 months and are required to make monthly payments of \$1,972 during that time. As of March 31, 2021, the balance on the lease was \$49,922; the current and non-current portions were \$19,464 and \$28,952, respectively.

On September 24, 2020, the company entered into a finance lease with Raymond Leasing Corporation for a forklift. Nano Magic LLC financed \$14,250. The lease term is 36 months with monthly payments of \$425. As of March 31, 2021, the balance on the lease was \$12,012; the current and non-current portions were \$4,654 and \$7,358, respectively.

In December 2020, the company entered into a finance lease for production equipment. We financed \$85,000 over a period of 48 months and are required to make monthly payments of \$2,135 during that time. As of March 31, 2021, the balance on the lease was \$79,915; the current and non-current portions were \$18,432 and \$61,483, respectively.

On May 8, 2020, Nano Magic LLC obtained a loan from Fifth Third Bank for \$130,900 under the Small Business Administration Paycheck Protection Program. The loan bears interest at 1.00% and is payable in monthly installments of principal and interest in the amount of \$7,330. We do not expect to make payments as long as our forgiveness application is filed not later than September 1, 2021. If our application is not timely filed, we will begin making monthly payments. As of March 31, 2021, the balance on the loan was the full principal amount; the current and non-current portions were \$98,178 and \$32,722, respectively.

On February 1, 2021, our subsidiary Applied Nanotech obtained a loan from Amegy Bank of Texas for \$79,305 under the Small Business Administration Paycheck Protection Program. The loan bears interest at 1.00%. We do not expect to make payments as long as our forgiveness application is filed not later than June 30, 2022. As of March 31, 2021, the entire loan was classified as long term debt.

Other Applied Nanotech long term debt was \$54,274 as of March 31, 2021.

## NOTE 5 – RELATED PARTY TRANSACTIONS

For the period ended March 31, 2021, we paid consulting and legal fees to our director Ronald Berman of \$62,600 and commissions of \$18,667. During that period Tom J. Berman, a director and officer, was paid salary of \$52,500 and sales bonuses of \$120,453 during the period. During that period we repaid to Scott Rickert, a director, \$10,500 of advances made during prior periods. We also accrued \$2,000 in fees for each of the directors during the quarter ended March 31, 2021. For the period ended March 31, 2020, we paid consulting fees to our directors as follows: Ronald Berman \$90,000; Scott Rickert \$3,000, and Jeanne Rickert \$3,000. Tom J. Berman, a director and officer was paid salary of \$45,000 during the three-month period in 2020.

Mr. Ron Berman and Mr. Tom Berman are the managers of the limited liability company that is the manager of PEN Comeback, LLC, PEN Comeback 2, LLC, Magic Growth, LLP and Magic Growth 2 LLC. These four limited liability companies purchased shares of common stock and derivative securities from us in 2018, 2019, 2020, and 2021. See the subsection on Sales of Stock under Issuances of Common Stock in Note 6.

In addition, Mr. Tom Berman and Mr. Ron Berman are two of three individuals who share voting power of the sole manager of the limited liability company that is our landlord in Michigan. Together, Tom and Ron Berman hold, in the aggregate, a 5% economic interest in the landlord entity. The lease for the Michigan facility gives us the right, during the first three years of the lease, to buy up to a 49% interest in the landlord for a price equal to 49% of the contributions received from other members.

## **NOTE 6 - STOCKHOLDERS' EQUITY**

### **Description of Preferred and Common Stock**

On July 2, 2020, we amended and restated our certification of incorporation to eliminate the Company's Class B common stock and Class Z common stock and rename as "common stock" the Company's Class A Common Stock. As part of the amendment, we increased the number of authorized shares of common stock from 7,200,000 to 30,000,000. The par value of the common stock remained the same at \$0.0001 per common share. The Company is also authorized to issue 100,000 shares of Preferred Stock, par value \$0.0001 per share.

#### Preferred Stock

The preferred stock may be issued in one or more series. The Company's board of directors are authorized to issue the shares of preferred stock in such series and to fix from time to time before issuance thereof the number of shares to be included in any such series and the designation, powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of such series.

#### Common Stock

The rights of each share of common are the same with respect to dividends, distributions and rights upon liquidation. Holders of common stock each have one vote per share in the election of directors and other matters submitted to a vote of the stockholders.

### **Issuances of Common Stock**

#### Common Stock Issued for Services and Stock Appreciation Rights

Pursuant to the agreement entered into on October 20, 2020, with the holder of substantially all the outstanding stock appreciation rights, on March 2, 2021, we issued 5,000 shares of common stock at value of \$1.00 in partial settlement of that holder's stock appreciation rights.

On March 2, 2021, we issued an aggregate of 37,890 shares of common stock to our directors as compensation to them for service on our Board. These shares were valued on that date at \$0.95 per share based on the quoted price of the stock for a total value of \$36,000.

#### Sales of Common Stock and Derivative Equity Securities

On March 2, 2021, the Company sold to Magic Growth 2 LLC, 769,231 shares of common stock for proceeds of \$961,539 and warrants to purchase up to 769,225 shares of common stock for proceeds of \$38,461. The warrants are exercisable at any time during the four years after date of issue at a warrant exercise price of \$2.00 per share. PEN Comeback Management, LLC, owned by Tom J. Berman and Ronald J. Berman, is the sole voting member of Magic Growth 2 LLC.

On March 17, 2021, the Company sold to Magic Growth 2 LLC, 385,231 shares of common stock for proceeds of \$481,539 and warrants to purchase up to 385,225 shares of common stock for proceeds of \$19,260. The warrants are exercisable at any time during the four years after date of issue at a warrant exercise price of \$2.00 per share.

In total for the three months ended March 31, 2021, 1,154,462 shares of common stock were sold and issued for \$1,443,077. Additionally, 1,154,450 warrants were sold for \$57,723.

## Stock Options

In connection with the three-year extension of the contract with our President and Chief Executive Officer, he was granted an option on March 3, 2021 to purchase up to 2,350,000 shares of common stock at an exercise price of \$0.75. Vesting is as follows:

<u>The right to purchase:</u>	<u>Consisting of:</u>	<u>Is vested on:</u>
Tranche 1	150,000 Option Shares	June 30, 2021
Tranche 2	150,000 Option Shares	December 31, 2021
Tranche 3	150,000 Option Shares	June 30, 2022
Tranche 4	150,000 Option Shares	December 31, 2022
Tranche 5	150,000 Option Shares	June 30, 2023
Tranche 6	150,000 Option Shares	December 31, 2023
Tranche 7	Up to 150,000 Option Shares	If the aggregate sales bonus payable for 2021 exceeds \$240,000
Tranche 8	Up to 150,000 Option Shares	If the aggregate sales bonus payable for 2022 exceeds \$260,000
Tranche 9	Up to 150,000 Option Shares	If the aggregate sales bonus payable for 2023 exceeds \$300,000
Tranche 10	Up to 1 million Option Shares	If a profit bonus is payable under the employment contract and the Board determines to pay some or all of it with options, the number vested as determined by the Board

On March 2, 2021, we granted an option to Ronald J. Berman as part of his consulting contract entered into on that day. Under the consulting agreement, Mr Berman oversees sales and marketing for Nano Magic LLC and will work on special projects as requested by the President & CEO. His cash compensation is \$10,000 per month, with bonuses from 1% to 3% on certain sales. He was also granted an option to purchase up to 100,000 shares at an exercise price of \$0.75. Vesting for 75,000 shares is based on sales by Nano Magic LLC in 2021; 12,500 if sales in 2021 are \$4 million, with additional tranches of 12,500 shares for each additional \$1 million in sales. Vesting for the remaining 25,000 shares will occur if the Company realizes \$1 million in EBITDA for 2021. Mr. Berman is a director and is the father of our President, Tom J. Berman.

On March 2, 2021, our Board adopted the 2021 Nano Magic 2021 Equity Incentive Plan described below.

Stock options to purchase common stock outstanding at March 31, 2021 include the 87,500 options granted under the 2021 Equity Incentive Plan, and the expiration of 1,022 options. No options were exercised during the period. No options have been included in diluted earnings per share as they would be anti-dilutive.

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding December 31, 2020	502,892	\$ .89	3.23	220,000
Exercised	-	-	-	-
Issued	2,535,000	\$ .75	-	-
Expired & forfeited	(51,022)	4.50		
Outstanding March 31, 2021	<u>2,986,870</u>	<u>\$ .75</u>	<u>3.85</u>	<u>\$ 4,500</u>
Exercisable March 31, 2021	<u>473,298</u>	<u>\$ .75</u>	<u>3.09</u>	<u>\$ 4,500</u>

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Stock options	2,986,870	502,892
Stock warrants	6,597,890	5,443,440
<b>Total</b>	<b>9,584,760</b>	<b>5,946,332</b>

Net income (loss) per share for common stock is as follows:

	<b>Three Months Ended March 31, 2021</b>	<b>Three Months Ended March 31, 2020</b>
<b>Net income (loss) per common share outstanding:</b>		
Common stock	\$ 0.04	\$ (0.06)
<b>Weighted average shares outstanding:</b>		
Total weighted average shares outstanding	8,906,219	6,501,208

## Warrants

As of March 31, 2021, there were outstanding and exercisable warrants to purchase 6,597,890 shares of common stock with a weighted average exercise price of \$1.66 per share and a weighted average remaining contractual term of 34 months. As of March 31, 2021, there was no intrinsic value for the warrants. No warrants have been included in diluted earnings per share as they would be anti-dilutive.

## 2015 Equity Incentive Plan

On November 30, 2015, the Board of Directors authorized the 2015 Equity Incentive Plan. On December 31, 2019, we issued an aggregate of 102,500 shares to employees in settlement of accrued salaries totaling \$66,615. On January 31, 2020 we granted an option to purchase 100,000 shares to a senior member of the sales team with vesting tied directly to 2020 sales goals. On April 8, 2021, the Board terminated the 2015 Equity Incentive Plan.

## 2021 Equity Incentive Plan

On March 2, 2021, our Board adopted the 2021 Nano Magic 2021 Equity Incentive Plan (the "Plan") to allow equity compensation for those who provide services to the Company and to encourage ownership in the Company by personnel whose service to the Company is important to its continued progress, to encourage recipients to act as owners and thereby in the stockholders' interest and to enable recipients to share in the Company's success. Initially, 85,000 shares were available for issuance under the Plan and that number of options were also granted to employees on March 2, 2021. On April 8, 2021 the number of shares under the Plan was increased by 2,500, and an additional 2,500 options were granted.

## NOTE 7 - COMMITMENTS AND CONTINGENCIES

### Litigation

The Company may be, from time to time, subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. See Note 9, Subsequent Events, regarding a settlement with a former consultant. We are not currently a defendant in any proceedings. Our policy is to accrue costs for contingent liabilities, including legal proceedings or unasserted claims that may result in legal proceedings, when a liability is probable and the amount can be reasonably estimated.

As of March 31, 2021, the Company has not accrued any amount for litigation contingencies.

## NOTE 8 – SEGMENT REPORTING

The Company's principal operating segments coincide with the types of products to be sold. The products from which revenues are derived are consistent with the reporting structure of the Company's internal organization. The Company's two reportable segments for the three months ended March 31, 2021 and 2020 were the Product segment and the Contract services segment. The Company's chief operating decision-maker has been identified as the Chairman and CEO, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Segment information is presented based upon the Company's management organization structure as of March 31, 2021 and the distinctive nature of each segment. Future changes to this internal financial structure may result in changes to the reportable segments disclosed. There are no inter-segment revenue transactions and, therefore, revenues are only to external customers. As the Company primarily generates its revenues from customers in the United States, no geographical segments are presented.

Segment operating profit is determined based upon internal performance measures used by the chief operating decision-maker. The Company derives the segment results from its internal management reporting system. The accounting policies the Company uses to derive reportable segment results are the same as those used for external reporting purposes. Management measures the performance of each reportable segment based upon several metrics, including net revenues, gross profit and operating loss. Management uses these results to evaluate the performance of, and to assign resources to, each of the reportable segments. The Company manages certain operating expenses separately at the corporate level and does not allocate such expenses to the segments. Segment income from operations excludes interest income/expense and other income or expenses and income taxes according to how a particular reportable segment's management is measured. Management does not consider impairment charges, and unallocated costs in measuring the performance of the reportable segments.

Segment information available with respect to these reportable business segments for the three months ended March 31, 2021 and 2020 was as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Product segment	\$ 2,182,446	\$ 241,717
Contract services segment	128,729	206,457
Total segment and consolidated revenues	<u>\$ 2,311,175</u>	<u>\$ 448,174</u>
<b>Cost of revenues:</b>		
Products	\$ 1,131,768	\$ 222,818
Contract services segment	152,430	166,899
Total segment and consolidated cost of revenues	<u>\$ 1,284,198</u>	<u>\$ 389,717</u>
<b>Gross profit (loss):</b>		
Product segment	\$ 1,050,678	\$ 18,899
Contract services segment	(23,701)	39,558
Total segment and consolidated gross profit	<u>\$ 1,026,977</u>	<u>\$ 58,457</u>
<b>Gross margin:</b>		
Product segment	48.1 %	7.8%
Contract services segment	(18.4)%	19.2%
Total gross margin	<u>44.4 %</u>	<u>13.0%</u>
<b>Segment operating expenses:</b>		
Product segment	551,730	242,240
Contract services segment	35,092	45,980
Total segment operating expenses	<u>651,173</u>	<u>288,220</u>
<b>Income (loss) from operations:</b>		
Product segment	\$ 434,597	\$ (223,341)
Contract services segment	(58,793)	(6,422)
Total segment income (loss)	<u>375,804</u>	<u>(229,763)</u>
Unallocated costs	-	(145,944)
Total consolidated income (loss) from operations	<u>\$ 375,804</u>	<u>\$ (375,707)</u>
<b>Depreciation and amortization:</b>		
Product segment	\$ 24,043	\$ (5,260)
Contract services segment	415	419
Total segment depreciation and amortization	<u>24,458</u>	<u>(4,841)</u>
Unallocated depreciation	-	-
Total consolidated depreciation and amortization	<u>\$ 24,458</u>	<u>\$ (4,841)</u>
<b>Capital additions:</b>		
Product segment	\$ 22,962	\$ 1,475
Contract services segment	-	-
Total segment capital additions	<u>22,962</u>	<u>1,475</u>
Unallocated capital additions	-	-
Total consolidated capital additions	<u>22,962</u>	<u>1,475</u>
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Segment total assets:</b>		
Product segment	\$ 4,735,871	\$ 1,410,252
Contract services segment	366,186	223,819
Corporate	1,344,547	64,192
Total consolidated total assets	<u>\$ 6,446,604</u>	<u>\$ 1,698,263</u>

#### NOTE 9 - SUBSEQUENT EVENTS

On May 28, 2021, we entered into a settlement and release with a former consultant under which we will pay \$15,000 in three monthly instalments commencing on June 1, 2021. On August 3, 2021, we were notified of a collection suit for approximately \$23,000 plus financing charges.

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

The following is management's discussion and analysis of certain significant factors that have affected our financial position and operating results during the periods included in the accompanying unaudited condensed consolidated financial statements.

### OVERVIEW

Nano Magic develops, commercializes and markets consumer and industrial products enabled by nanotechnology that solve everyday problems for customers in the optical, transportation, military, sports and safety industries. Our primary business is the formulation, marketing and sale of products enabled by nanotechnology including the ULTRA CLARITY brand eyeglass cleaner, CLARITY DEFOGIT brand defogging products and CLARITY ULTRASEAL nanocoating products for glass and ceramics. We also sell an environmentally friendly surface protector, fortifier, and cleaner. Our design center conducts development services for us and for government and private customers and develops and sells printable inks and pastes, thermal management materials, and graphene foils and windows.

Our principal operating segments coincide with our different business activities and types of products sold. This is consistent with our internal reporting structure. Our two reportable segments for the three months ended March 31, 2021 were (i) the Product Segment and (ii) the Contract services Segment. For the three months ended March 31, 2020, the Company operated the same two segments.

### RESULTS OF OPERATIONS

The following comparative analysis on results of operations was based primarily on the comparative condensed consolidated financial statements, footnotes and related information for the periods identified below and should be read in conjunction with the unaudited condensed consolidated financial statements and the notes to those statements that are included elsewhere in this report. The results discussed below are for the three months ended March 31, 2021 and 2020.

#### Comparison of Results of Operations for the Three Months ended March 31, 2021 and 2020

##### Revenues:

For the three months ended March 31, 2021 and 2020, revenues consisted of the following:

	Three Months Ended March 31,	
	2021	2020
Sales:		
Product segment	\$ 2,182,446	\$ 241,717
Contract services segment	128,729	206,457
Total segment and consolidated sales	<u>\$ 2,311,175</u>	<u>\$ 448,174</u>

For the three months ended March 31, 2021, sales from the Product segment increased by \$1,940,729 or 803% due to increased sales to new customers added in 2020, increased internet sales and stocking orders from several retail customers.

For the three months ended March 31, 2021, sales from the Contract services segment decreased by \$77,728 or 38% as compared to the three months ended March 31, 2020 primarily due to completion of major government contracts and lack of new research contracts.

##### Cost of revenues

Cost of revenues includes inventory costs, materials and supplies costs, internal labor and related benefits, subcontractor costs, depreciation, overhead and shipping and handling costs incurred and costs related to government and private research contracts in our Contract services segment.

For the three months ended March 31, 2021, cost of revenues increased by \$894,481 or 230% as compared to the three months ended March 31, 2020.

	Three Months Ended March 31,	
	2021	2020
Cost of revenues:		
Product segment	\$ 1,131,768	\$ 222,818
Contract services segment	152,430	166,899
Total segment and consolidated cost of revenues	<u>\$ 1,284,198</u>	<u>\$ 389,717</u>

### **Gross profit and gross margin**

Gross profit and gross margin by segment are as follows:

Gross Profit	Three Months Ended March 31,			
	2021	%	2020	%
Product Segment	\$ 1,050,678	48.1%	\$ 18,899	7.8%
Contract services segment	\$ (23,701)	(18.4)%	39,558	19.2%
<b>Total gross profit</b>	<b>\$ 1,026,977</b>	<b>44.4%</b>	<b>\$ 58,457</b>	<b>13.0%</b>

\* Gross margin % based on respective segments revenues.

For the three months ended March 31, 2021, as compared to the comparable 2020 period, the margin in the Product segment increased by \$1,031,779 due to product mix, pricing changes and changes in product formulations that improved margin. The margin for the Contract research segment for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 decreased by \$63,259 primarily due to completion of government contracts without new or renewal research contracts.

### **Operating expenses**

For the three months ended March 31, 2021, operating expenses increased by \$217,009 or 50% compared to the three months ended March 31, 2020. For the three months ended March 31, 2021 and 2020, operating expenses consisted of the following:

	Three Months Ended March 31,	
	2021	2020
Selling and marketing expenses	\$ 36,896	\$ 11,057
Salaries, wages and related benefits	551,730	144,633
Research and development	1,876	16,652
Professional fees	212,106	124,752
General and administrative expenses	184,582	137,070
Other income, net	(336,017)	-
<b>Total</b>	<b>\$ 651,173</b>	<b>\$ 434,164</b>

- For the three months ended March 31, 2021, selling and marketing expenses increased by \$25,839 or 234% as compared to the three months ended March 31, 2020, due to an increase in advertising and trade show displays and expenses.
- For the three months ended March 31, 2021, salaries, wages and related benefits increased by \$407,097 or 281%, as compared to the three months ended March 31, 2020. These increases were attributable to higher management and personnel costs due to temporary labor to timely fill customer orders and hiring to support business growth.
- For the three months ended March 31, 2021, research and development costs decreased by \$14,776 or 89%, as compared to the three months ended March 31, 2020, due to reduced use of outside contractors and reduced product development costs incurred in the current period.
- For the three months ended March 31, 2021, professional fees increased by \$87,354 or 70%, as compared to the three months ended March 31, 2020 due to an increase in the Company's legal and fundraising expenses.
- For the three months ended March 31, 2021, general and administrative expenses increased by \$45,512 or 35% as compared to the three months ended March 31, 2020, reflecting increased support for the larger business operation.
- Other income, net for the period ended March 31, 2021 reflects payments received under a settlement agreement based on the counterparty's sales to certain customers.

### **Income (loss) from operations**

As a result of the factors described above, for the three months ended March 31, 2021, income from operations amounted to \$375,804 as compared to a loss of \$375,707 for the three months ended March 31, 2020, a change of \$751,511 or 200%.

### ***Other non-operating expense (income)***

For the three months ended March 31, 2021, other expense was \$5,407 as compared to \$2,108 for the three months ended March 31, 2020, an increase of \$3,299 or 156%.

### ***Net income (loss)***

For the three months ended March 31, 2021, net income amounted to \$370,397 as compared to a loss of \$(377,815) for the three months ended March 31, 2020. For the three-month period the change was \$748,212 or 198%

For the three months ended March 31, 2021 and March 31, 2020, net income(loss) amounted to \$0.04 per common share (basic and diluted), and \$(0.06), respectively.

## **LIQUIDITY AND CAPITAL RESOURCES**

Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements. We had working capital of \$2,564,280 and \$2,114,853 of unrestricted cash as of March 31, 2021 and working capital of \$633,572 and \$288,134 of unrestricted cash as of December 31, 2020.

The following table sets forth a summary of changes in our working capital from December 31, 2020 to March 31, 2021:

			<b>December 31, 2020 to March 31, 2021</b>	
	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>Change in Working Capital</b>	<b>Percentage Change</b>
<b>Working capital:</b>				
Total current assets	\$ 4,360,801	\$ 2,653,831	\$ 1,706,970	64.32%
Total current liabilities	1,796,521	2,020,259	(228,738)	(11.30)%
<b>Working capital:</b>	<b>\$ 2,564,280</b>	<b>\$ 633,572</b>	<b>\$ 1,930,708</b>	<b>304.73%</b>

The increase in current assets was due in substantial part to an increase in cash as a result of the sale of equity securities. The decrease in current liabilities was due to a reduction in accrued expenses and other current liabilities and to a reduction in the current portion of lease payments.

Net cash provided by operating activities was \$291,031 for the three months ended March 31, 2021 as compared to net cash used in operating activities was \$(467,889) for the three months ended March 31, 2020, a net change of \$758,920 or 162%. Net cash provided by operating activities for the three months ended March 31, 2021 primarily reflected net income of \$370,397 adjusted for add-backs of \$91,889 and changes in operating assets and liabilities of \$(171,255).

Net cash flow used in investing activities was \$(22,962) for the three months ended March 31, 2021 and \$(1,475) for the three months ended March 31, 2020.

Net cash provided by financing activities was \$1,558,650 for the three months ended March 31, 2021 reflecting \$1,500,800 in proceeds from sales of common stock and warrants, as compared to \$840,000 for the same period in 2020.

### ***Future Liquidity and Capital Needs.***

Our principal future uses of cash are for working capital requirements, including working capital to support increased product sales, sales and marketing expenses and reduction of accrued liabilities. Application of funds among these uses will depend on numerous factors including our sales and other revenues and our ability to control costs.



### ***Equipment Financing and Loans***

On February 10, 2015, Nano Magic entered a \$373,000 promissory note (the “Equipment Note”) with KeyBank, N.A. (the “Bank”). The unpaid principal balance of this Equipment Note is payable in 60 equal monthly installments payments of principal and interest through June 10, 2020. The Equipment Note is secured by certain equipment, as defined in the Equipment Note, and bears interest computed at a rate of interest of 4.35% per annum based on a year of 360 days. At March 31, 2021, the principal amount due under the Equipment Note amounted to \$105,551.

On June 18, 2019, Nano Magic entered into an Amendment to the Equipment Note with the Bank. By the amendment, the maturity date of the note was extended until April 10, 2022, the interest rate was raised to 6.29% per year, and the monthly payments were reduced to \$4,053 per month, including interest.

During the year ended December 31, 2020, we received \$105,000 in net proceeds from equipment loans and the bank loan under the Paycheck Protection Program, offset by repayments on loans

### ***Off-Balance Sheet Arrangements***

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity or that are not reflected in our consolidated unaudited financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

### **ITEM 3. Quantitative and Qualitative disclosures about market risk**

Not applicable to smaller reporting companies.

### **ITEM 4. Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report (the “Evaluation Date”). Based upon this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission (“SEC”) reports was recorded, but we lacked the staff or cash to purchase outside resources to process, summarize, and report within the time periods specified in SEC rules and forms.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

### ***Changes in Internal Control***

There were no changes identified in connection with our internal control over financial reporting during the three months ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The material weaknesses identified at December 31, 2020 are still in the process of being addressed as of March 31, 2021.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

On August 3, 2021, we were notified of a collection suit for approximately \$23,000 plus financing charges.

### ITEM 1A. RISK FACTORS

Not required of smaller reporting companies.

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

Pursuant to the agreement entered into on October 20, 2020, with the holder of substantially all the outstanding stock appreciation rights, on March 2, 2021, we issued 5,000 shares of common stock at value of \$1.00 in partial settlement of that holder's stock appreciation rights.

On March 2, 2021, the Company sold to Magic Growth 2 LLC, 769,231 shares of common stock for proceeds of \$961,539 and warrants to purchase up to 769,225 shares of common stock for proceeds of \$38,461. The warrants are exercisable at any time during the four years after date of issue at a warrant exercise price of \$2.00 per share. PEN Comeback Management, LLC, owned by Tom J. Berman and Ronald J. Berman, is the sole voting member of Magic Growth 2 LLC.

On March 2, 2021, we also issued an aggregate of 37,890 shares of common stock to our directors as compensation to them for service on our Board. These shares were valued on that date at \$0.95 per share based on the quoted price of the stock for a total value of \$36,000.

On March 17, 2021, the Company sold to Magic Growth 2 LLC, 385,231 shares of common stock for proceeds of \$481,539 and warrants to purchase up to 385,225 shares of common stock for proceeds of \$19,261. The warrants are exercisable at any time during the four years after date of issue at a warrant exercise price of \$2.00 per share.

The sales and issuances of stock and other securities were exempt from registration under Section 4(2) of the Securities Act. Cash proceeds were used for general corporate purposes.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS

Exhibit No.	Description
31.1*	<a href="#">Rule 13a-14(a)/15d-14(a) Certificate of Principal Executive Officer</a>
31.2*	<a href="#">Rule 13a-14(a)/15d-14(a) Certificate of Chief Financial Officer</a>
32.1*	<a href="#">Section 1350 Certificate of Principal Executive Officer and Chief Financial Officer</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
*	Filed herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Nano Magic Holdings Inc.  
(Registrant)

Date: August 9, 2021

*/s/ Tom J. Berman*

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Tom J. Berman,  
President and Chief Executive Officer

Date: August 9, 2021

*/s/ Leandro Vera*

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Leandro Vera  
Chief Financial Officer

**Certificate of Principal Executive Officer**  
**Pursuant to Rule 13a-14(a)/15d-14(a)**

I, Tom J. Berman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2021 of Nano Magic Holdings Inc. (the “registrant”);

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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting) as defined in the Exchange Act Rules 13a - 15(f) and 15d - 15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(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 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 officers 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:

(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 9, 2021

*/s/ Tom J. Berman*

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Tom J. Berman

President and Chief Executive Officer

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**Certificate of Principal Financial Officer**  
**Pursuant to Rule 13a-14(a)/15d-14(a)**

I, Leandro Vera, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2021 of Nano Magic Holdings Inc. (the “registrant”);

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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting) as defined in the Exchange Act Rules 13a - 15(f) and 15d - 15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(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 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 officers 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:

(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 9, 2021

*/s/ Leandro Vera*

\_\_\_\_\_  
Leandro Vera  
Chief Financial Officer

**Section 1350 Certification of Principal Executive Officer**

In connection with the quarterly report of Nano Magic Holdings Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tom J. Berman, President of the Company, and I, Leandro Vera, Chief Financial Officer, certify to the best of our knowledge:

1. 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 9, 2021

*/s/ Tom J. Berman*

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Tom J. Berman  
President and Chief Executive Officer

Date: August 9, 2021

*/s/ Leandro Vera*

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Leandro Vera  
Chief Financial Officer

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