

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

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 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 001-41515

Laser Photonics Corporation

(Exact name of registrant as specified in its charter)

Delaware

State or other jurisdiction of
Incorporation or Organization

84-3628771

I.R.S. Employer
Identification No.

**250 Technology Park
Lake Mary, FL**

Address of Principal Executive Offices

32746

Zip Code

(407) 804 1000

Registrant's Telephone Number, Including Area Code

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

COMMON STOCK, \$0.001 PAR VALUE

Title of each class

Common Stock

Trading Symbol(s)

LASE

Name of each exchange on which registered

The Nasdaq Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 Web site, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether the registrant is a large, accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 Exchange Act). Yes No .

The aggregate market value of the voting and non-voting common equity held by non-affiliates (excluding voting shares held by officers and directors) as of June 30, 2025 was \$26,131,561.

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date. There were 32,604,703 shares of Common Stock outstanding as of April 9, 2026.

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FORWARD LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements, which are identified by the words “believe,” “expect,” “anticipate,” “intend,” “plan” and similar expressions. The statements contained herein which are not based on historical facts are forward-looking statements that involve known and unknown risks and uncertainties that could significantly affect our actual results, performance or achievements in the future and, accordingly, such actual results, performance or achievements may materially differ from those expressed or implied in any forward-looking statements made by or on our behalf. These risks and uncertainties include, but are not limited to, risks associated with our ability to successfully develop and protect our intellectual property, our ability to raise additional capital to fund future operations and compliance with applicable laws and changes in such laws and the administration of such laws. These risks are described below and in “Item 1. Business,” Item 1A “Risk Factors,” “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” included in this Form 10-K. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date the statements were made.

PART I

ITEM 1. BUSINESS

As used in this Annual Report, the terms “we,” “us,” “our,” and the “Company” refer to Laser Photonics Corporation, a Delaware corporation, and its consolidated subsidiaries.

Company Overview

We were formed as a Wyoming corporation on November 8, 2019. We changed our domicile to Delaware on March 5, 2021. We are a vertically integrated manufacturing company for photonics-based industrial products and solutions and, since recently acquiring the assets of Control Micro Systems, Inc. (“CMS”), have now expanded the market for our laser products into the large, growing pharmaceutical manufacturing vertical, in what we believe is a recession-resistant sector with significant barriers to entry.

We are pioneering a new generation of laser blasting technologies focused on disrupting the sandblasting and abrasives blasting markets. We offer a full portfolio of integrated laser blasting solutions for corrosion control, rust removal, de-coating, pre-welding and post-welding, laser cleaning and surface conditioning. Our solutions span use cases throughout product lifecycles, from product fabrication to maintenance and repair, as well as aftermarket operations. Our laser blasting solutions are applicable in most industries dealing with materials processing, including automotive, aerospace, healthcare, consumer products, shipbuilding, heavy industry, machine manufacturing, nuclear maintenance and de-commissioning and surface coating.

Our vertically integrated operations allow us to reduce development and advanced laser equipment manufacturing time, offer better prices, control quality and protect our proprietary know-how and technology compared to other laser cleaning companies and companies with competing technologies.

We initiated our sales efforts in December 2019. For the year ended December 31, 2025, we generated sales of \$8.3 million, compared to \$3.4 million for the year ended December 31, 2024. We are strategically positioned to drive growth and innovation in the laser technology market by targeting three key customer segments: government entities, Fortune 1000 companies, and medium/small businesses. Each of these segments presents unique opportunities and challenges, and our business model is designed to cater specifically to the needs and growth potential within each category.

For government entities, we provide highly specialized laser solutions that meet stringent regulatory and performance standards. This segment benefits from our expertise in delivering reliable, durable, and effective laser systems for various applications, from defense and aerospace to public infrastructure projects. Working with government clients not only solidifies our reputation as a trusted provider of advanced laser technology but also paves the way for new contracts and collaborative projects. One of our current projects is the Laser Shield Anti-Drone System (“LSAD”), a joint development with our affiliate, Fonon Drone Shield Solutions, Inc., to create a laser defense system to serve as an immediate response defense system for addressing the threat of small-scale unmanned aerial systems in conflict zones and expeditionary locations. We successfully completed a test of the LSAD prototype at our Orlando facility.

Fortune 1000 companies represent another critical segment, where our laser technology can significantly enhance operational efficiency, precision, and productivity. By addressing the unique challenges of large-scale industrial applications, we position ourselves as an essential partner in the innovation strategies of these corporations. Our advanced laser solutions help these clients stay competitive and maintain high-quality standards, driving repeat business and fostering long-term partnerships.

Medium and small businesses constitute the third pivotal segment of our customer base. Recognizing the distinct needs and constraints of this market, we launched the Service Partner Network (“SPN”). This initiative is designed to empower medium and small businesses by providing them access to mobile demonstration units, enabling them to experience the advantages of our laser technology firsthand. The SPN serves a dual purpose: it facilitates immediate equipment sales and acts as a catalyst for demonstrating the practical benefits and capabilities of our products.

Through the SPN, we also support entrepreneurs looking to start their own mobile laser cleaning or rental service businesses. Our marketing team plays a crucial role in this ecosystem by generating and distributing leads to SPN members for a fee, thereby creating a continuous revenue stream. This collaborative approach not only bolsters the success of our SPN partners but also promotes sustained long-term revenue growth for us.

By strategically targeting these three customer segments and leveraging the SPN to enhance our market penetration and product visibility, we believe we are well-positioned for robust growth. Our comprehensive business model not only enhances customer engagement and satisfaction across diverse markets but also solidifies our standing as an innovative leader in the laser technology industry.

We market our products globally through our direct sales force which is located in the United States.

Recent Developments

ICT Investments, LLC (“ICT” or “ICT Investments”) currently owns approximately 14% of the outstanding shares of our Common Stock, Fonon Drone Shield Solutions, Inc., an affiliate of ICT Investments, currently owns approximately 3% of the outstanding shares of our Common Stock, Fonon Quantum Technologies owns approximately 9% of the outstanding shares of our Common Stock and Fonon Technologies owns approximately 9% of the outstanding shares of our Common Stock and collectively are our majority stockholders. Dmitry Nikitin has significant voting power for all matters that are submitted to a vote of the Company’s shareholders since he currently owns approximately 34% of the outstanding voting shares of the Company’s common stock through his ownership of all membership interests of ICT Investments which is the controlling entity of Fonon Drone Shield Solutions, Inc., Fonon Quantum Technologies and Fonon Technologies, Inc. On May 21, 2024 we entered into a license agreement with Fonon Drone Shield Solutions, Inc. to receive an exclusive, worldwide, sublicensable license to its laser material processing equipment and technology, including all applications of laser cutting, marking, engraving, laser welding, brazing, ablation, laser drilling, semiconductor chip marking, semiconductor and flat panel display laser processing equipment, all other laser material processing equipment documented or existing in a form of know-how and/or trade secrets in return for 3,000,000 restricted shares of our Common Stock. As of December 31, 2025, ICT Investments, through its control of Fonon Drone Shield Solutions, Inc., Fonon Quantum Technologies and Fonon Technologies, Inc., in the aggregate will own approximately 38% of our Common Stock and will have significant voting power on all matters submitted to a vote of our stockholders, including the election of our directors. Through our affiliation with ICT Investments, its portfolio companies and its customers, we have access to more than 1,500 high profile Fortune 5000 customer prospects as well as recognition as a global leader in manufacturing premium laser equipment. In addition, through the expertise and reputation of our officers, board members and advisors, we have the foundation of our technologically advanced, disruptive laser systems specifically suited for most material processes with specific cleaning requirements and challenges.

On October 30, 2024, we entered into an Asset Purchase Agreement with CMS, a laser company located in Orlando, Florida, that designs and builds turnkey laser material processing systems for marking, cutting, drilling and welding. CMS allows us to expand into the pharmaceutical market for controlled-release medications that is expanding rapidly, driven by the growing need for more effective and patient-friendly drug delivery systems. Controlled-release tablets, which gradually release medication over time, require precision manufacturing techniques to ensure the proper dosage and timing of active ingredient release. Laser technology plays a critical role in creating micro-drilled apertures in these tablets, ensuring accurate and consistent drug release. We believe that there is a significant opportunity to unlock CMS’s growth potential by integrating it into our existing sales and marketing infrastructure, enhancing customer engagement and expanding our market reach to maximize wallet share from current customers and bring new clients on board.

With global pharmaceutical companies focusing on enhancing drug delivery mechanisms, the demand for laser-based solutions like those provided by CMS is expected to rise. CMS’ experience in supplying laser systems to pharmaceutical companies, coupled with our sales and marketing expertise, positions the Company to take full advantage of this growing market segment. We acquired all business assets of CMS, including its intellectual property as well as hiring CMS’ existing workforce, including engineers and customer support personnel, that we believe will add significant value to the acquired CMS assets.

On February 10, 2025, we entered into a Lease Termination Agreement with 2701 Maitland Building Associates, LLC, the Landlord of Suite 125 containing approximately 7,981 rentable square feet that we had leased from November 7, 2022 through December 31, 2025, at a base monthly rent of \$14,818.06 (“Suite 125”). In light of our entering into a long-term lease at 250 Technology Park, Lake Mary, Florida 32746 on July 1, 2024, we determined that it did not need Suite 125 for its future growth and, since it could not sublet this space, we entered into the Lease Termination Agreement to reduce our lease expense. Under the terms of the Lease Termination Agreement, we agreed to pay a monthly termination fee of \$14,912.14 base rent plus operating expenses for five months, saving us approximately \$80,000 in lease payments for 2025.

On July 7, 2025, we and our subsidiary, Control Micro Systems Florida, LLC, entered into a Business Loan and Security Agreement with Agile Capital and Agile Lending under which we received a term loan in the principal amount of \$2,100,000 with total interest of \$924,000 (the “Loan”) to be repaid through weekly principal and interest payments of \$94,500 commencing July 16, 2025, and ending February 18, 2026, subject to payment of a \$100,000 administrative agent fee paid to Agile Capital.

On August 5, 2025, we entered into an Asset Purchase Agreement with Fonon Quantum Technologies, Inc., an affiliate of ICT Investments, to acquire the assets of Beamer Laser, a company that manufactures IR fiber laser marking systems that provide standard, engineered and inline 1064nm IR laser marking solutions for a variety of industries used in tracking and traceability to serialization, 2D codes and decorative marking. We believe that the acquisition of these assets will be of substantial financial benefit in terms of its future sales given the importance of Beamer Laser’s standard industrial marking solutions and modular design to allow for smooth integration into manufacturing workflows, its U.S.-based manufacturing capabilities that should help us mitigate supply chain issues and tariffs to ensure better control over manufacturing quality, lead times and costs and with Beamer Laser’s established customer base, which includes Fortune 100 companies in aerospace, defense and pharmaceuticals, provide us with new growth opportunities for our other laser technology products.

On August 28, 2025, we closed a convertible note financing with Hudson Global Ventures, LLC (“Hudson Global”). In connection with this financing, we entered into a Securities Purchase Agreement (the “SPA”) with Hudson Global requiring that we (i) issue 418,000 shares of our Common Stock as commitment shares, (ii) issue a warrant for 157,258 shares of our Common Stock at a conversion price of \$4.34 per share subject to customary adjustments for fundamental corporate actions such as mergers, reverse splits and stock dividends, that is exercisable for five years or that we must earlier pay the Event of Default Black Scholes Value as that term is defined in the warrant if our Common Stock is deemed “penny Stock” under SEC Rule 240.3a51-1, and (iii) issue a 12 month secured convertible promissory note in the principal amount of \$455,0000 (the “Hudson Convertible Note”) bearing annual interest of 12% to be repaid through monthly amortization payments of \$45,818 and that is convertible into shares of our Common Stock at a fixed price of \$4.34 per share, subject to customary adjustments for fundamental corporate actions such as mergers, reverse splits and stock dividends, that can be prepaid within the first 60 days from August 27, 2025, without any penalty and after 60 days from August 27, 2025, at a payment of 118% of the accrued and unpaid interest and unpaid principal of the Hudson Convertible Note. Under the terms of the SPA, Hudson Global has piggyback rights for the conversion shares underlying the warrant and the Hudson Convertible Note as well as for the commitment shares.

On September 2, 2025, we entered into an agreement to exchange certain outstanding warrants issued in the August 2024 PIPE financing (the “Exchange Agreement”). These warrants, which had an exercise price of \$4.34 per share and included a full ratchet anti-dilution provision, entitled holders to purchase up to an aggregate of 0.8 million shares of our Common Stock. In exchange for relinquishing these warrants, the warrant holders received unrestricted shares of our Common Stock equal to 400% of the number of shares of our Common Stock issuable upon exercise of the warrants that for all warrant holders results in an aggregate of 3.2 million unrestricted shares of our Common Stock. We also have agreed, subject to customary exceptions, for a period of 30 days starting on September 3, 2025, not to issue any shares of our Common Stock nor to file any registration statement or any amendment or supplement to any existing registration statement. We also issued to the placement agent facilitating the Exchange Agreement or its designees warrants to purchase an aggregate of 56,000 shares of our restricted Common Stock that are exercisable for five years at \$5.0250 per share subject to customary adjustments, including for stock splits, stock dividends, rights offerings and fundamental transactions such as a merger resulting in a change of control.

On September 12, 2025, we issued to four investors certain unsecured promissory notes (the “Notes”) under the terms of a Note Purchase Agreement (the “NPA”). The Notes are (i) in the total principal amount of \$2,111,111.12 with an Original Issuance Discount (“OID”) equal to 10% that resulted in the Company receiving net proceeds of \$1,129,400 following deductions for expenses, including an 8% placement agency fee and 1% non-accountable allowance paid to RBW Capital Partners LLC (“RBW”), a division of Dawson James Securities, Inc., under the terms of a Placement Agency Agreement dated September 5, 2025, between the Company and RBW, and repayment of principal and accrued and unpaid interest of \$509,600 owed to Hudson Global Ventures, LLC (“Hudson Global”) under a convertible note in the principal amount of \$455,000 issued under the term of a Securities Purchase Agreement dated August 27, 2025, (ii) due the earlier of three (3) months from the dates of the Notes which are all September 12, 2025, or in the event of a prior subsequent financing by the Company, the Notes at the option of the holder must be repaid in full or, if applicable, are exchangeable into the consideration in the subsequent offering, (iii) subject to a payment in the event of a default of 120% of the unpaid principal amount, accrued interest and all other amounts owing under the Notes, which amount increases by 5% every 30 days following the date of the event of default until the Notes are paid in full (the “Mandatory Default Amount”) and (iv) limited to prepayment only upon a change of control of the Company subject to payment of the Mandatory Default Amount. The principal amount of the Notes remains outstanding and the use of proceeds of this offering will be used to repay the Notes in full in addition to payment of the Mandatory Default Amount. The Company has been in settlement discussions with the four holders of the Notes regarding claims that until the Notes were repaid the Company could not sell securities greater than \$50,000 and agreeing to enter into a PIPE transaction by October 17, 2025, to be led by RBW Capital. The Company and its note holders have agreed to resolve this dispute through repayment of the note holders in an amount of approximately \$3.2 million from the proceeds of the current S-1 offering with HCW.

On September 22, 2025, we entered into a securities purchase agreement (the “Purchase Agreement”) with certain accredited investors (the “Investors”), pursuant to which we agreed to issue and sell to the Investors in a private placement (i) 1,098,902 shares of Common Stock at a price of \$3.64 per Share, (ii) Series A warrants to purchase up to 1,098,902 shares of Common Stock and (iii) Series B warrants to purchase up to 1,098,902 shares of Common Stock for total aggregate gross proceeds of approximately \$4 million. The offering closed on September 30, 2025. The Series A Warrants have an exercise price of \$3.40 per share, are exercisable upon issuance (the “Initial Exercise Date”), and expire five years following the effective date of the resale registration statement on Form S-1 that we filed under the terms of a registration rights agreement in connection with the Purchase Agreement. The Series B Warrants have an exercise price of \$3.40 per share, are exercisable commencing on the Initial Exercise Date and expire eighteen months following the effective date of the resale registration statement. H.C. Wainwright & Co., LLC acted as the exclusive placement agent for the issuance and sale of these securities. The Company agreed to pay up to an aggregate cash fee equal to 7.0% of the gross proceeds received by the Company from this offering and issued to Wainwright warrants to purchase up to 76,923 shares of Common Stock at an exercise price per share of \$4.55, which are exercisable commencing upon issuance and have a term of five years after effective date of resale registration statement.

On February 9, 2026, we conducted a public offering of an aggregate of (i) 7,142,858 shares (the “Shares”) of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at an offering price per Share and associated Warrants of \$0.70, (ii) five year Series A-1 Common Stock purchase warrants (the “Series A-1 Warrants”) to purchase up to 7,142,858 shares of Common Stock at an exercise price of \$0.70 per share, and (iii) twenty-four month Series A-2 Common Stock purchase warrants (the “Series A-2 Warrants”, and, collectively with the Series A-1 Warrants, the “Warrants”) to purchase up to 7,142,858 shares of Common Stock at an exercise price of \$0.70 per share, for aggregate gross proceeds of \$5,000,000.60. In connection with the closing, the Company will issue to H.C. Wainwright & Co., LLC (“Wainwright”) or its designees warrants to purchase up to an aggregate of 500,000 shares of Common Stock at an exercise price of \$0.875 per share, which are exercisable immediately upon issuance and have a termination date of February 6, 2031. Additionally, in connection with a note financing conducted by the Company in September 2025, the Company will pay Wainwright a cash fee equal to \$147,777.78 and issue to Wainwright or its designees unregistered warrants to purchase up to an aggregate of 57,058 shares of Common Stock at an exercise price of \$3.2375 per share, which are exercisable immediately upon issuance and have a termination date of February 6, 2031. The net proceeds received by the Company after commissions, fees, legal expenses, and payment of the cash fee to Wainwright, was \$4,121,273.

Growth Strategy

Our objective is to achieve a leadership position in our industry with a focus in growth technologies including laser welding, laser cutting, laser cleaning, semiconductor, 3-D printing, and anti-drone defense. The key elements of our growth strategy are:

Multi-Market and Multi-Product Approach. We intend to develop and manufacture laser systems for a variety of markets to reduce the financial impact that a downturn in any one market would have.

Accent on Developing Standard Systems for Specific Markets. We expect to increase sales through an industry-recognized expertise in clearly defined markets with substantial sales demand such as rust removal equipment for the shipbuilding industry, laser decontamination equipment for the nuclear industry and laser blasting cabinets for the general manufacturing industry.

Broaden Customer Relationships. We expect to develop a global diversified customer base in a variety of industries. We seek to differentiate ourselves from our competitors through superior product pricing, performance and service. We believe that a global presence and investments in application engineering and support will create competitive advantages in serving multinational and local companies.

New Product Development. We intend to target new applications early in the development cycle and drive adoption by leveraging our strong customer relationships, engineering expertise and competitive production costs.

We intend to continue to stay ahead of the technology curve by researching and developing cutting edge products and technologies for both large and small businesses. In addition to our attention to Fortune 1000 companies, we also view the small companies as an attractive market opportunity since they were previously unable to take advantage of laser processing equipment due to high prices, significant operating costs and the technical complexities of the laser equipment. As a result, we are developing a group of standardized laser cleaning equipment that we have named the CleanTech™ laser blaster family of equipment that we believe represents a new generation of high power laser cleaning and rust removal systems that will be affordable to more than a million small and mid-size companies.

Facilities

Our principal executive offices are located at 250 Technology Park, Lake Mary, Florida, 32746, to support our administrative, engineering and operational activities. This office serves as our headquarters and is intended to allow for future growth. See “Item 2. Properties” below.

Implications of Being an Emerging Growth Company

As a company with less than \$1.235 billion in revenue during our most recently completed fiscal year, we qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act of 1933, as amended, which we refer to as the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable, in general, to public companies that are not emerging growth companies. These provisions include:

- Reduced disclosure about our executive compensation arrangements;
- No non-binding stockholder advisory votes on executive compensation or golden parachute arrangements;
- Exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting; and
- Reduced disclosure of financial information in this prospectus, limited to two years of audited financial information and two years of selected financial information.

As a smaller reporting company, each of the foregoing exemptions is currently available to us. We may take advantage of these exemptions for up to five years following our initial public offering on September 29, 2022, or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.235 billion in annual revenues as of the end of a fiscal year, if we are deemed to be a large-accelerated filer under the rules of the Securities and Exchange Commission, or if we issue more than \$1.0 billion of non-convertible debt over a three-year-period.

Notwithstanding the above, we are also currently a “smaller reporting company”, meaning that we are not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a smaller reporting company and have a public float of less than \$75 million and annual revenues of less than \$50 million during the most recently completed fiscal year. In the event that we are still considered a “smaller reporting company”, at such time as we cease being an “emerging growth company”, the disclosure we will be required to provide in our SEC filings will increase but will still be less than it would be if we were not considered either an “emerging growth company” or a “smaller reporting company”. Specifically, similar to “emerging growth companies”, “smaller reporting companies” are able to provide simplified executive compensation disclosures in their filings; are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports.

Our Laser Cleaning Products

The current administration's focus on fiscal responsibility and budget constraints has led to reduced spending on new equipment, increasing the need for maintenance, repair, and overhaul (MRO) of existing assets. As a result, demand for cost-effective, high-performance solutions is rising across defense and industrial sectors.

Laser Photonics is strategically positioned to meet this need with our TAA-compliant line of laser solutions offered under the DefenceTech brand. Our "Made in America" industrial laser systems align with federal procurement priorities, ensuring U.S. agencies have access to cutting-edge, domestically manufactured technology for MRO applications. As one of few industrial laser cleaning equipment manufacturer meeting "Buy American" requirements, we are well-positioned to receive preferential consideration over foreign competitors in the laser cleaning systems market.



Diversified and Proprietary Technology Platform and Knowhow

We were able to secure through our affiliation with ICT Investments a diverse portfolio of know-how, trade secrets and proprietary technologies. We believe that we possess design documentation for the largest array of laser-based systems for material processing in North America.

Core Technologies Underlying Each Product

Fiber laser cleaning technology or laser ablation which we market under the Laser Blasting™ brand, is a proven, state-of-the-art, 21st Century replacement for hazardous 19th century abrasives blasting (or sandblasting). It is a non-contact, environmentally friendly process that removes surface coatings from metals, concrete and delicate substrates such as composites—with minimal impact on the base material. Laser Blasting works by aiming brief pulses of high-power laser energy (in the μs – ms range) at a surface to be prepared or cleaned of paint, rust, or other contaminants. The energy applied to the layer being removed doesn't dissipate. Instead, it blasts off the substrate material being cleaned. Most or all of the material being removed is vaporized, resulting in a much cleaner process than other cleaning methods. Whatever removed material has not been vaporized may be suctioned away and filtered out of the air as particle dust.

We are recognized as a pioneer and an industry leader with our CleanTech™ Laser Blasting™ technology. Laser Blasting can replace sandblasting or dry ice blasting in nearly every industry and every application where an abrasive blasting is used. It is effective on glass, ceramics, metals, concrete, plastics and much more, and provides greater control and precision than possible with the legacy technologies it is designed to replace. LP portable Laser Blasting systems incorporate proprietary autofocusing C-Optics technology that allows for greater precision on uneven or contoured surfaces, even from handheld Laser Blasting systems. This innovation expands laser cleaning from the production floor to the field. Laser Blasting is effective on small parts and sensitive materials, as well as surfaces of ships, bridges, aircraft, pipelines, large vehicles, and trains, among others.

Our Product Platforms

Since our founding in 2019, and through IP received from ICT Investments, we have developed an extensive portfolio of products based on proprietary technologies that form the foundation of our laser blasting equipment manufacturing solutions, which are comprised of hardware, equipment design documentation, bills of materials, software, materials, and service practices.

Designed in-house by industry-recognized laser scientists and inventors, our expansive product portfolio covers a broad spectrum of applications across key industries, including maritime and shipbuilding, oil and gas, automotive manufacturing, rail transport, aerospace, defense, and space exploration. Our CleanTech™ line scales with customer needs, starting with low price-point handheld Laser Blasters™ designed to tackle simple cleaning and surface predation jobs, to high-end AI-controlled, user-programmable C-Robotics™ made for complex, precision production environments.

Our state-of-the-art, performance-based “Made in America” Laser Blasting™ products are industrial-grade laser cleaning systems developed to disrupt and displace hazardous legacy abrasives blasting (a.k.a. sandblasting) and chemical cleaning methods that have been in common usage since the 19th century. Laser Blasting is cleaner to operate, more cost effective to own and safer for the worker and the environment. We believe that Laser Blasting is right on time as industry is increasingly coming under pressure to phase out abrasive blasting and chemical cleaning methods in compliance with health, environmental and safety regulations designed to protect laborers and the environment.

Since our founding in 2019, we have developed an extensive portfolio of proprietary equipment and technologies that formed the base for our broad product offering, starting from relatively simple handheld devices to fully automatic and operated by AI robotic systems.

Our diverse lines of laser cleaning equipment are used in a variety of industries to improve and promote programs to address significant concerns about the exposure of employees to toxic airborne materials to reduce the risk of lung cancer and silicosis triggered by inhalation of crystalline silica dust released from abrasive blasting. Laser cleaning uses photons emissions, thus eliminating the need for abrasive media, including silica. The chart below provides information on several industries to indicate the need for laser cleaning equipment and how our technology meets those industries’ requirements. This chart was developed by us in the last few months to allow our salespeople to identify the specific model of our CleanTech laser blasting equipment that matches target industries and the surface integrity parameters familiar to prospective customers. We want to demonstrate our capability to address the specific cleaning applications that such customers require. The industry terminology is explained in our footnotes to the chart.

Below is the description of abbreviations and definitions used in Laser Photonics Laser Blaster products qualification chart:

- Roughing-Rough surface condition for thick material
- Mid-Range-Normal level below roughest surface condition for medium material thickness
- Finishing-Least amount of roughness on a surface for thin materials
- Gauge-indication of a measurement of industrial materials.
- Grit-indication of roughness to apply to a surface for preparation prior to coating.
- CAML-grade of abrasive media used for the sandblasting industry.
- DPI-Dots per inch
- LPI-Lines per inch
- Laser Grade-Designated choice of laser for best results
- Strip Rate in Ft Squared per hour is calculated as follows: $2X$ (laser power in KW) / (coating thickness in mils, where one mill= .001), X 60 minutes. Source: Robotic Laser Coating Removal System ESTCP Project WP- 0526 apps.dtic.mil

Our current Laser Blasting solutions are as follows:

Handheld CleanTech Line: We offer the widest range of Class IV handheld laser blasting equipment in the world, spanning from 50W to 3000W, and including the world's most powerful production laser blaster on the market — the CleanTech Industrial Roughening Laser 3060, delivering average power levels in the 10,000-watt range.

We're currently developing an even more powerful solution designed for seamless integration into our CleanTech Robotic Cell, complete with safety interlocks to ensure full OSHA and FDA CDRH Class 1 compliance.

The CleanTech 3060 is a high-performance cleaning and surface preparation system, engineered to efficiently remove rust, paint, and other surface contaminants from materials such as steel, aluminum, iron, and a wide range of other substrates.

Our handheld CleanTech line features five distinct pulse laser patterns, including a proprietary cleaning mode specifically designed to maximize efficiency and minimize thermal stress, offering unmatched flexibility for a variety of industrial applications across diverse surface types.



CleanTech™ Laser Blaster Cabinet The CleanTech™ Laser Blaster Cabinet is a fully enclosed, Class 1 laser workspace, engineered as a safer, cleaner, and more efficient alternative to traditional sandblasting enclosures—eliminating the noise, dust, media storage, replenishment, and cleanup associated with abrasive blasting.

Designed for companies of all sizes, this self-contained, industrial-grade laser cleaning machine replaces abrasive blasting and chemical baths, providing a high-precision, environmentally friendly solution for part cleaning and material preparation.

What sets the CleanTech™ Laser Blaster Cabinet apart is its exclusive fiber laser technology, paired with a handheld laser-blasting head, all housed within a fully enclosed 30" x 26" workspace. Built for speed, precision, safety, and flexibility, it is the only laser-blasting cabinet in the world manufactured in full compliance with CDRH, FDA, and OSHA regulations.

With this system, companies can eliminate hazardous dust, noise, and toxic chemicals, ensuring a safer, cleaner, and more cost-effective work environment while achieving superior cleaning and surface preparation results.



CleanTech™ Class I Laser Blasting Systems

Our CleanTech™ MegaCenter, Titan, and Titan Express automated Class I-ready laser blasting systems are purpose-built for mass production environments. Engineered with advanced automation controls and automated material-loading capabilities, these systems deliver maximum throughput for high-volume, high-precision manufacturing operations.

The CleanTech™ Titan Series is a high-power, large-format laser system designed for parts cleaning, rust removal, and surface conditioning, featuring an expansive 6' x 12' working area and Flex-Loading options for seamless, continuous operation. This industrial-grade, turn-key solution can operate as a standalone unit or be fully integrated into an existing production line.



The full CleanTech lineup includes the Titan, Titan Express, MegaCenter, and the portable CleanTech™ Handheld, ideal for use both in the field and on the factory floor. All CleanTech systems are built for industrial durability and operate in full compliance with OSHA, FDA, and CDRH safety standards, supporting true “Push-Button” laser-safe operation for unmatched ease of use and workplace safety.

CleanTech™ Robotic Cell with AI

The CleanTech™ Robotic Cell integrates our advanced User-Programmable AI (UPAI), enabling factory line workers to easily program precision robotic operations—no coding or robotics expertise required. This breakthrough makes it simple to automate complex, repetitive tasks in high-throughput production environments, boosting both productivity and consistency.



The CleanTech™ Laser Cleaning Robot is the first commercially available, collaborative, and AI-capable laser cleaning system in the United States. Purpose-built for precise beam positioning and tight focus, it operates at significantly lower laser power levels than traditional handheld systems—dramatically reducing operational costs and making laser cleaning more accessible and affordable for a wide range of industrial applications.

Safety and efficiency are at the core of the system’s design. With optional adds on including AI, a 3D scanner and visualizer, vision system, and a Class 1 safety enclosure, the robot can perform multiple tasks simultaneously—all while minimizing operator exposure and ensuring full compliance with OSHA and FDA CDRH regulations.

The result is a next-generation laser cleaning solution that combines cutting-edge automation, intelligent control, and industry-leading safety—bringing unprecedented capability to modern manufacturing floors.

Customers

Our intent is to establish additional relationships with Fortune 1000 customers primarily within the United States and with select Fortune 1000 customers around the globe and represent a broad array of industries, including automotive, aerospace, healthcare, consumer products, heavy industry, machine design, research, and others.

Research, Development and Engineering

The principal focus of our research and development activity is the development of our proprietary laser-based cleaning equipment to replace global sand blasting and abrasive blasting applications in a large number of markets discussed below.

Marketing and Sales

For the year ending in December 31, 2025, we employed 8 direct salespeople, 10 global distributors/resellers, and signed two technology partnerships for integration of our Cleantech product line into robotic platforms for both commercial and defense applications.

In calendar years 2023 to 2025, we invested in sales and marketing activities, including investing nearly \$4 million in the development and scaling of sales and marketing operations. We have a marketing and sales budget equal to 10% of our gross sales, and a new product promotional budget of \$0.7 million for 2026.

Product Warranty and Support

We offer for sale with our equipment a two-year limited warranty against defects in materials and workmanship under normal use and service conditions following delivery of our equipment to our customers.

We also warrant the owners of our custom laser systems that are designed and manufactured in accordance with agreed-upon specifications. In resolving claims under both the defects and performance warranties, we have the option of either repairing or replacing the covered laser cleaning equipment. Our warranties are automatically transferred from the original purchaser of our laser cleaning equipment and optical components to subsequent purchasers upon delivery of our finished laser systems.

In general, our products carry a warranty against defects, depending on the product type and customer negotiations. The costs associated with these warranty obligations are not expected to be significant and no such costs have been recorded in our financial statements.

Competition

The laser cleaning market is highly fragmented, with most competitors being small, privately held, or operating within limited geographic regions, specific industries, or niche applications. While our competitive landscape is diverse, it remains intensely competitive, shaped by rapid technological advancements, increasing customer demands, and downward pressure on average selling prices as newer, integrated technologies replace outdated systems.

Our most notable competitors include P-Laser and Clean-Lasersysteme GmbH (represented in the U.S. by Adapt Laser Systems), along with smaller players such as Laserax and 4JET. Some of these competitors are attempting to close the gap by increasing the output power of their fiber lasers to compete with our high-powered, industrial-grade solutions.

However, most competitors do not meet CDRH safety requirements for Class 4 laser systems, making them unlikely to be considered by many companies that prioritize workplace safety and regulatory compliance. At Laser Photonics, customer safety is our top priority. Our systems are designed and manufactured to fully comply with OSHA, FDA, and CDRH regulations, ensuring that companies receive not only cutting-edge performance but also the highest level of operational safety and reliability.

We also compete with end-users that produce laser technology, as well as with manufacturers of non-laser methods and tools, such as traditional abrasives blasting (referred to as sandblasting), non-laser welding, cutting dies, mechanical cutters, and plasma cutters in the materials processing market. Some of our competitors are larger, with considerably more financial, managerial, and technical resources, as well as more extensive sales, distribution, and service networks, and greater marketing capacity.

Our primary focus is to provide diversified industrial-grade laser-based cleaning machinery in a variety of markets. Each market has a different group of competitors subject to rapidly changing technologies and materials, a customer base with continuously changing requirements and geographical outsourcing challenges.

We believe that our future success is dependent on our flexibility to adapt to changes in the marketplace, expanding our existing products and services targeting application specific systems for each industry we serve. We continuously introduce new products and services on a timely and cost-effective basis identifying both standard and niche laser-systems opportunities enhancing our ability to penetrate new customers and new emerging markets.

Primary competitive factors in our markets include:

- Price and value
- Ability to design, manufacture, and deliver new products on a cost-effective and timely basis.
- Ability of our suppliers to produce and deliver components in a timely manner, in the quantity desired and at the budgeted prices
- Product performance and reliability
- Service support.
- Product mix
- Ability to meet customer specifications.
- Ability to respond quickly to changes in market demand and technology developments.

In the materials processing market, the competition is fragmented with a large number of competitors that are small or privately owned or compete with us on a limited geographic, industry, or application specific basis including Trumpf GmbH, Clean Laser GMBH, P-Laser, Advanced Laser Technology, Anilox Roll Cleaning Systems, General Lasertronics, IPGPhotonics, Laserax, and White Lion Dry Ice & Laser Cleaning Technology. We believe that none of our competitors compete in all the industries, applications, and geographical markets which we serve and that our products compete favorably with respect to their laser cleaning equipment.

Intellectual Property and License Rights

We believe that our success depends, in part, on our ability to maintain and protect our proprietary technology and to conduct our business without infringing on the proprietary rights of others.

We rely primarily on a combination of trademarks and trade secrets, as well as associate and third-party confidentiality agreements, to safeguard our intellectual property.

With respect to proprietary know-how that is not patentable and processes for which patents are difficult to enforce, we rely on, among other things, trade secret protection and confidentiality agreements to safeguard our interests. We believe that many elements of our laser system manufacturing process, including our unique materials sourcing, involve proprietary know-how, technology, or data that are not covered by patents or patent applications, including technical processes, equipment designs, algorithms, and procedures. We have taken security measures to protect these elements. All our research and development personnel will have to sign confidentiality and proprietary information agreements with us. These agreements address intellectual property protection issues and require our associates to assign to us all the inventions, designs, and technologies they develop during the course of employment with us. We also require our customers and business partners to enter into confidentiality agreements before we disclose any sensitive aspects of our modules, technology, or business plans.

Employees and Human Capital

As of December 31, 2025, we employed 94 full-time team members and had no part-time employees. Our human capital strategy focuses on identifying, recruiting, retaining, incentivizing, and effectively integrating both existing personnel and new talent, including employees, advisors, and consultants. These efforts are essential to support our continued growth and innovation across all areas of the business.

Government Regulation

Our current and contemplated activities and the products and processes that will result from such activities are subject to substantial government regulation, both in the United States and internationally.

Government Contracts and Regulations

Our U.S. Government business is heavily regulated. We contract with several U.S. Government agencies and entities, principally all branches of the U.S. military. We must comply with, and are subject to, laws and regulations governing the formation, administration, and performance of U.S. Government contracts. These laws and regulations, among other things:

- require certification and disclosure of all cost or pricing data in connection with certain types of contract negotiations;
- impose specific and unique cost accounting practices that may differ from U.S. generally accepted accounting principles (GAAP);
- impose acquisition regulations, which may change or be replaced over time, that define which costs can be charged to the U.S. Government, how and when costs can be charged, and otherwise govern our right to reimbursement under certain U.S. Government contracts;
- require specific security controls to protect U.S. Government controlled unclassified information and restrict the use and dissemination of information classified for national security purposes and the export of certain products, services and technical data; and compliance with cyber security regulations by our supply chain; and
- require the review and approval of contractor business systems, defined in the regulations as: (i) Accounting System; (ii) Estimating System; (iii) Earned Value Management System, for managing cost and schedule performance on certain complex programs; (iv) Purchasing System; (v) Material Management and Accounting System, for planning, controlling and accounting for the acquisition, use, issuing and disposition of material; and (vi) Property Management System.

The U.S. Government may terminate any of our government contracts and subcontracts either at its convenience or for default based on our performance. If a contract is terminated for convenience, we generally are protected by provisions covering reimbursement for costs incurred on the contract and profit on those costs. If a contract is terminated for default, we generally are entitled to payments for our work that has been accepted by the U.S. Government or other governments; however, the U.S. Government could make claims to reduce the contract value or recover its procurement costs and could assess other special penalties. For more information regarding the U.S. Government's right to terminate our contracts and government contracting laws and regulations, see "Risk Factors".

Radiation Control for Health and Safety Act

We are subject to the laser radiation safety regulations of the Radiation Control for Health and Safety Act administered by the National Center for Devices and Radiological Health, a branch of the United States Food and Drug Administration. Among other things, those regulations require laser manufacturers to file new product and annual reports, to maintain quality control and sales records, to perform product testing, to distribute appropriate operating manuals, to incorporate design and operating features in lasers sold to end-users and to certify and label each laser sold to end-users as one of four classes (based on the level of radiation from the laser that is accessible to users). Various warning labels must be affixed, and certain protective devices installed depending on the class of product. The National Center for Devices and Radiological Health is empowered to seek fines and other remedies for violations of regulatory requirements.

CE Marking

We are subject to certain regulations in Europe as administered by the European Commission. CE Marking is required for products marketed within the European Economic Area (EEA) and confirms that the manufacturer meets certain safety, health and environmental protection requirements administered by the European Union. Non-compliance with these regulations could result in warnings, penalties, or fines. We believe that we are currently in compliance with these regulations.

United States Food and Drug Administration

Certain products manufactured by us are integrated into systems by our customers that are subject to certain regulations administered by the United States Food and Drug Administration. We must comply with certain quality control measurements for our products to be effectively used in our customers' end products. Non-compliance with quality control measurements could result in loss of business with our customers, fines and penalties.

ITEM 1A. RISK FACTORS

Summary of Risk Factors

An investment in our securities involves a high degree of risk. The occurrence of one or more of the events or circumstances described in the section titled "Risk Factors," alone or in combination with other events or circumstances, may materially adversely affect our business, financial condition, and operating results. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. Such risks include, but are not limited to:

We are competing in a highly competitive market and to compete effectively we must be able to adapt to technology changes and to implement innovative technology applications.

ICT Investments owns a majority of our outstanding shares and exerts significant control over business decisions as well as matters subject to stockholder approval.

We depend on the U.S. Government for a portion of our business, which we expect to increase, and changes in government defense spending could have adverse consequences on our financial position, results of operations and business.

As a U.S. defense contractor, we are vulnerable to security threats and other disruptions that could negatively impact our business.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has history of net losses and accumulated deficits. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our international business exposes us to geo-political and economic factors, regulatory requirements and other risks associated with doing business in foreign countries.

Our success may depend on our ability to obtain and protect the proprietary information on which we base our laser-based cleaning equipment. The patent application process is expensive and time-consuming, and we and our current or future licensors and licensees may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our current licensors, or any future licensors or licensees, will fail to identify patentable aspects of inventions made during development and commercialization activities before it is too late to obtain patent protection on them.

If we are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation could harm our business.

Some provisions of our certificate of incorporation and bylaws may deter takeover attempts, which may inhibit a takeover that stockholders consider favorable and limit the opportunity of our stockholders to sell their shares at a favorable price.

Our indemnification of our officers and directors may cause us to use corporate resources to the detriment of our stockholders.

Provisions in our certificate of incorporation and bylaws and Delaware law may have the effect of discouraging lawsuits against our directors and officers.

If our shares of common stock become subject to the penny stock rules, it would become more difficult to trade our shares. If we do not obtain or retain a listing on the Nasdaq Capital Market and if the price of our common stock is less than \$5.00 per share, our common stock will be deemed a penny stock.

Risks Related to our Business and Our Industry

We may need to raise additional capital.

If, in the future, we are not able to generate sufficient revenues from operations and our capital resources are insufficient to meet future requirements, we may have to raise additional funds to allow us to continue to commercialize, market and sell our products. We cannot be certain that funding will be available on acceptable terms or at all. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience dilution. Any debt financing, if available, may involve restrictive covenants that may impact on our ability to conduct business or return capital to investors. If we are unable to raise additional capital if required or on acceptable terms, we may have to significantly scale back, delay or discontinue the development and/or commercialization of our laser-based cleaning products, restrict our operations or obtain funds by entering into agreements on unattractive terms.

If our proposed marketing efforts are unsuccessful, we may not earn enough revenue to scale the business profitably.

Our success will depend on investment in marketing resources and the successful implementation of our marketing plan. Our marketing plan involves attendance at trade shows, conducting private demonstrations, utilizing promotional materials, and employing advertising campaigns in print and/or broadcast media. We cannot give any assurance that our marketing efforts will be successful. If they are not, revenue may be insufficient to cover our growing fixed costs and we may suffer a reduction in profitability.

We may be unable to respond to rapid technological changes and innovative products.

In a constantly changing and innovative technology market with frequent new product introductions, enhancement, and modifications, we may be forced to implement and develop new technologies into our products for anticipation of changing customer requirements that may significantly impact costs in order to retain or enhance our competitive position in existing and new markets.

There is intense competition in our market.

There is intense competition amongst manufacturers of crystalline silicon laser modules, thin-film laser modules, solar thermal lasers, and concentrated fiber laser systems. Our management is aware that the failure to compete away eventual new entrants will affect overall business prospects and the product itself. Therefore, if we can innovate more quickly, we will be better able to defend our pricing power. Competitive factors in this market are all related to product performance, price, customer service, training platforms, reputation, and sales and marketing effectiveness, all of which are factors upon which we believe we can compete successfully but will need greater financial resources to do so.

Future acquisitions may be unsuccessful and may negatively affect operations and financial condition.

We plan to grow organically; however, we will opportunistically pursue potential acquisitions of complementary businesses. Should we acquire other companies, the integration of businesses, personnel, product lines, and technologies might prove to be difficult, time consuming, and risky. Any difficulties could disrupt our ongoing business, distract our management and employees, increase our expenses, and impair our revenue and results of operations.

If we are unable to hire additional personnel, we will have trouble growing our business.

Our future success depends on our ability to attract, retain, and motivate skilled marketing, managerial, operational, and administrative personnel. We plan to hire additional personnel in all areas of our business as we grow. Competition for qualified personnel is intense. As a result, we may be unable to attract and retain qualified personnel. We may also be unable to retain the employees that we currently employ. The failure to attract and retain highly competent personnel could seriously harm our business, financial condition, and operational results.

Our business depends on experienced and highly skilled technicians and business development personnel, and if we are unable to attract such talent, it will be more difficult for us to manage our business and complete contracts.

The success of our business depends on the skill of our personnel. Accordingly, it is critical that we maintain, and continue to build, a highly experienced management team and specialized workforce, including designers, engineers, and sales professionals. Competition for personnel – particularly those with expertise in government consulting and who possess a security clearance – is high, and identifying candidates with the appropriate qualifications can be costly and difficult. We may not be able to hire the necessary personnel to implement our business strategy given our anticipated hiring needs, or we may need to provide higher compensation or more training to our personnel than we currently anticipate. In addition, our ability to recruit, hire, and indirectly deploy former employees of the U.S. Government is subject to complex laws and regulations, which may serve as an impediment to our ability to attract such talent.

Our business is labor intensive, and our success depends on our ability to attract, retain, train, and motivate highly skilled employees, including employees who may become part of our organization in connection with our acquisitions. The increase in demand for consulting, technology integration, and managed services has further increased the need for employees with specialized skills or significant experience in these areas. We may not be successful in attracting and retaining enough employees to achieve our desired staffing and expansion objectives. Furthermore, the industry turnover rates for these types of employees are high and we may not be successful in retaining, training, or motivating them. Any inability to attract, retain, train, and motivate skilled talent could impair our ability to adequately manage and complete existing projects, not to mention restrict our ability to accept new client engagements. Such an inability may also force us to increase our hiring of independent contractors, which may increase our costs and reduce our profitability on client engagements. We must also devote substantial managerial and financial resources to monitoring and managing our workforce. Our future success will depend on our ability to manage the levels and related costs of our workforce.

In the event we are unable to attract, hire and retain the requisite personnel and subcontractors, we may experience delays in completing contracts in accordance with project schedules and budgets, which may have an adverse effect on our financial results, harm our reputation, and cause us to curtail our pursuit of new contracts. Further, any increase in demand for personnel may result in higher costs, causing us to exceed the budget on a contract, which in turn may have an adverse effect on our business, financial condition, and operating results, as well as harm our customer relationships.

We face a higher risk of failure because we cannot accurately forecast our future revenues and operating results.

The rapidly changing nature of the markets in which we compete makes it difficult to accurately forecast our revenues and operating results. Moreover, we expect our future revenues and operating results to fluctuate due to a number of factors, including the following:

the timing of sales of our products.

unexpected delays in the introduction of new products.

increased expenses, whether related to sales and marketing, or administration; and

costs related to anticipated acquisitions of complementary businesses.

Our products may suffer defects.

Our products may suffer defects that may lead to substantial product liability, damage, or warranty claims. Given the complexity of the platforms and systems inside our products, the potential for errors and defects is heightened. Significant expenses arising from product liability or warranty claims could have a material adverse effect on our business, financial condition, and operating results.

We need to increase the size and scale of our organization, and we may experience difficulties in managing such growth, which might impair our financial performance.

We need to strengthen our managerial, operational, and accounting infrastructure, in addition to integrating employees retained from other companies that we might acquire. Future growth will impose significant added responsibilities on members of management, including the need to identify, recruit, maintain, and integrate new employees. Our future financial performance and our ability to commercialize our products will depend, in part, on our ability to manage any future growth effectively.

To manage our future growth, we will need to continue to effect improvements in our managerial, operational, and accounting controls. All of these measures will require significant expenditure and will demand the attention of management. If we fail to continue making enhancements to our operational and financial controls in support of the growth in our business, we could develop operating and reporting inefficiencies that could increase our costs more than we had planned, as well as impair our competitive position. If we are unable to manage growth effectively, our business, financial condition, and operating results could be adversely affected.

Insurance and contractual protections may not always cover lost revenue, increased expenses, or liquidated damages payments, which could adversely affect our financial results.

Although we maintain insurance and intend to obtain warranties from suppliers, obligate subcontractors to meet certain performance levels and attempt, where feasible, to pass risks we cannot control to our customers, the proceeds of such insurance, warranties, performance guarantees or risk sharing arrangements may not be adequate to cover lost revenue, increased expenses or liquidated damages payments that may be required in the future.

Internal system or service failures could disrupt our business and impair our ability to effectively provide our services and products to our customers, which could damage our reputation and adversely affect our revenues and profitability.

Any system or service disruptions, including those caused by ongoing projects to improve our information technology systems and the delivery of services, if not anticipated and appropriately mitigated, could have a material adverse effect on our business including, among other things, an adverse effect on our ability to bill our customers for work performed on our contracts, collect the amounts that have been billed and produce accurate financial statements in a timely manner. We are also subject to system failures, including network, software, or hardware failures, whether caused by us, third-party service providers, cyber security threats, natural disasters, power shortages, terrorist attacks or other events, which could cause loss of data and interruptions or delays in our business, cause us to incur remediation costs, subject us to claims and damage our reputation. In addition, the failure or disruption of our communications or utilities could cause us to interrupt or suspend our operations or otherwise adversely affect our business. Our property and business

interruption insurance may be inadequate to compensate us for all losses that may occur because of any system or operational failure or disruption and, as a result, our future results could be adversely affected.

Our financial performance could be adversely affected by decreases in spending on technology products and services by our public sector customers.

Our sales to our public sector customers are impacted by government spending policies, budget priorities and revenue levels. An adverse change in government spending policies (including budget cuts at the federal level), budget priorities or revenue levels could cause our public sector customers to reduce their purchases or to terminate or not renew their contracts with us, which could adversely affect our business, results of operations or cash flows.

Our business could be adversely affected by the loss of certain vendor partner relationships and the availability of their products.

We purchase products from vendors on a global basis as components to include in our finished laser-based cleaning equipment. In the event we were to lose one of our significant vendor partners, our business could be adversely affected.

We expect to enter joint ventures, teaming and other arrangements, and these activities involve risks and uncertainties.

We expect to enter joint ventures, teaming and other arrangements. These activities involve risks and uncertainties, including the risk of the joint venture or applicable entity failing to satisfy its obligations, which may result in certain liabilities to us for guarantees and other commitments, the challenges in achieving strategic objectives and expected benefits of the business arrangement, the risk of conflicts arising between us and our partners and the difficulty of managing and resolving such conflicts, and the difficulty of managing or otherwise monitoring such business arrangements.

Our business and operations expose us to numerous legal and regulatory requirements and any violation of these requirements could harm our business.

We are subject to numerous federal, state and foreign legal requirements on matters as diverse as data privacy and protection, employment and labor relations, immigration, taxation, anticorruption, import/export controls, trade restrictions, internal and disclosure control obligations, securities regulation and anti-competition. Compliance with diverse and changing legal requirements is costly, time-consuming and requires significant resources. We are also focused on expanding our business in certain identified growth areas, such as energy and environment, which are highly regulated and may expose us to increased compliance risk. Violations of one or more of these diverse legal requirements in the conduct of our business could result in significant fines and other damages, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations or contractual obligations related to regulatory compliance in connection with the performance of customer contracts could also result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to compete for certain work and allegations by our customers that we have not performed our contractual obligations.

As a manufacturer of laser cleaning equipment and laser processing systems our future success depends on our ability to effectively balance manufacturing production with market demand and reducing our manufacturing cost per watt.

Our ability to generate the profits we expect to achieve will depend, in part, on our ability to respond to market demand and add new manufacturing capacity in a cost-effective manner. In addition, we must continue to increase the efficiency of our manufacturing process to compete successfully and generate the returns to our stockholders, attract growth capital and a qualify for and maintain a listing on an exchange. Our failure to do so could threaten our long-term viability.

We have relationships with ICT Investments and its affiliates that could adversely affect our business, financial condition, liquidity and results of operations.

ICT Investments and its affiliates, Fonon Corporation, Fonon Quantum Technologies, Inc., Fonon Technologies, Inc. (collectively referred to as “Related Entities”), collectively own approximately 34% of our Common Stock and have assisted us with accounting matters, business and financial contacts to facilitate our growth and fund-raising efforts, including acquisition targets such as Control Micro Systems and Beamer Laser, and expertise in various laser technologies, including the advanced laser-based anti-drone system. As a result, among the most significant risks are (i) conflicts of interest in compensation paid to the Related Entities since the amount of compensation may exceed what we would otherwise pay in an “arm’s length transaction with an unaffiliated entity, (ii) a risk that termination of, or material adverse change in, the terms of this relationship, could result in a material adverse change to us and our operations and could adversely affect our business, financial condition, liquidity and results of operations: (iii) our failure to correctly identify or disclose the transactions with the Related Entities could result in SEC enforcement proceedings and sanctions, shareholder lawsuits or even criminal charges for fraud, and (iv) the risk of material misstatements in our SEC filings if there are complex related party transactions making it difficult for our auditors to verify the accuracy of our financial reporting.

We expect to increase our business with the U.S. Government, and changes in government defense spending could have adverse consequences on our financial position, results of operations and business.

In 2025, less than 18% of our U.S. revenues were derived from sales and services provided directly or indirectly to the U.S. Government. However, we anticipate increasing that figure to 25% over the next 12 to 24 months as we expand our engagement with federal agencies.

Our work with the U.S. Army, Navy, and Air Force has been primarily defense-related, and we expect future revenues to stem from contracts awarded under a variety of U.S. Government programs, particularly within the Department of Defense (DoD) and other federal departments and agencies.

Under the current administration, there is a strong focus on modernizing defense capabilities while reducing redundant spending through organizational consolidation, cost-cutting measures, and more efficient procurement processes. The DoD is increasingly prioritizing maintenance, repair, and overhaul (MRO) over new equipment purchases—creating a growing opportunity for companies like ours that provide cost-effective, high-performance solutions for extending the life of existing assets.

Funding for our programs remains subject to the U.S. Government’s annual budget and appropriation process, which is influenced by a wide range of factors, including geopolitical developments, macroeconomic conditions, and the strategic priorities of the administration and Congress. While overall defense spending has risen in recent years to address emerging global threats and modernization needs, future budget levels will continue to reflect a complex balance of domestic and international priorities, as well as the broader fiscal health of the U.S. economy.

The Budget Control Act (BCA) of 2011, along with subsequent budget agreements, imposed discretionary spending caps on both defense and non-defense programs from FY2012 through FY2021, ushering in a decade of relative fiscal austerity. These caps operated under a “principle of parity,” requiring proportional cuts across both categories. With the expiration of the BCA, federal budgeting has entered a new phase, where non-defense discretionary (NDD) spending has more flexibility to grow without necessarily triggering equal increases in defense funding.

Under the current administration, there is heightened emphasis on domestic investment, including infrastructure, advanced manufacturing, and clean energy, which may shift federal funding priorities away from certain defense initiatives. In parallel, ongoing debates over the national debt, deficit reduction, and federal spending limits—including discussions surrounding the debt ceiling—create continued uncertainty in the budgeting process.

As a result, while we remain optimistic about opportunities in defense-related MRO and modernization programs, we acknowledge that budgetary constraints and shifting fiscal priorities could result in the reduction, delay, or cancellation of funding for some contracts—particularly those with unobligated balances. Such developments could adversely affect our operations, financial performance, and growth outlook.

Significant reduction in defense spending could have long-term consequences for our size and structure. In addition, reduction in government priorities and requirements could impact the funding, or the timing of funding, of our programs, which could negatively impact our results of operations and financial condition. In addition, we are involved in U.S. Government programs, which are classified by the U.S. Government and our ability to discuss these programs, including any risks and disputes and claims associated with and our performance under such programs, could be limited due to applicable security restrictions.

Our financial performance is dependent on our ability to perform on our current and future expected U.S. Government contracts, which are subject to termination for convenience, which could harm our financial performance.

We believe that our financial performance will be dependent on our performance under our existing U.S. Government contracts and contracts we may enter into with the U.S. Government in the future. Government customers have the right to cancel any contract for its convenience. An unanticipated termination of, or reduced purchases under, one of our major contracts whether due to lack of funding, for convenience or otherwise, or the occurrence of delays, cost overruns and product failures could adversely impact our results of operations and financial condition. If one of our U.S. Government contracts were terminated for convenience, we would generally be entitled to payments for our allowable costs and would receive some allowance for profit on the work performed. If one of our contracts were terminated for default, we would generally be entitled to payments for our work that has been accepted by the government. A termination arising out of our default could expose us to liability and have a negative impact on our ability to obtain future contracts and orders. Furthermore, on contracts for which we are a subcontractor and not the prime contractor, the U.S. Government could terminate the prime contract for convenience or otherwise, irrespective of our performance as a subcontractor.

Our failure to comply with a variety of complex procurement rules and regulations could result in our being liable for penalties, including termination of our current and anticipated U.S. Government contracts, disqualification from bidding on future U.S. Government contracts and suspension or debarment from U.S. Government contracting that could adversely affect our financial condition.

We must comply with laws and regulations relating to the formation, administration and performance of our one existing and anticipated future U.S. Government contracts, which affect how we do business with our customers and may impose added costs on our business. U.S. Government contracts generally are subject to the Federal Acquisition Regulation (FAR), which sets forth policies, procedures and requirements for the acquisition of goods and services by the U.S. Government, department-specific regulations that implement or supplement DFAR, such as the DOD's Defense Federal Acquisition Regulation Supplement (DFARS) and other applicable laws and regulations. We are also subject to the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with certain contract negotiations; the Procurement Integrity Act, which regulates access to competitor bid and proposal information and government source selection information, and our ability to provide compensation to certain former government officials; the Civil False Claims Act, which provides for substantial civil penalties for violations, including for submission of a false or fraudulent claim to the U.S. Government for payment or approval; the Civil False Claims Act, which provides for substantial civil penalties for violations, including for submission of a false or fraudulent claim to the U.S. Government for payment or approval; and the U.S. Government Cost Accounting Standards, which impose accounting requirements that govern our right to reimbursement under certain cost-based U.S. Government contracts. These regulations impose a broad range of requirements, many of which are unique to government contracting, including various procurement, import and export, security, contract pricing and cost, contract termination and adjustment, and audit requirements. A contractor's failure to comply with these regulations and requirements could result in reductions to the value of contracts, contract modifications or termination, and the assessment of penalties and fines and lead to suspension or debarment, for cause, from government contracting or subcontracting for a period. In addition, government contractors are also subject to routine audits and investigations by U.S. Government agencies such as the Defense Contract Audit Agency (DCAA) and Defense Contract Management Agency (DCMA). These agencies review a contractor's performance under its contracts, cost structure and compliance with applicable laws, regulations and standards. The DCAA also reviews the adequacy of and a contractor's compliance with its internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems. During the term of any suspension or debarment by any U.S. Government agency, contractors can be prohibited from competing for or being awarded contracts by U.S. Government agencies. The termination of any of our significant Government contracts or the imposition of fines, damages, suspensions or debarment would adversely affect our business and financial condition.

The U.S. Government may adopt new contract rules and regulations or revise its procurement practices in a manner adverse to us at any time.

Our industry has experienced, and we expect it will continue to experience, significant changes to business practices because of an increased focus on affordability, efficiencies, and recovery of costs, among other items. U.S. Government agencies may face restrictions or pressure regarding the type and number of services that they may obtain from private contractors. Legislation, regulations and initiatives dealing with procurement reform, mitigation of potential conflicts of interest and environmental responsibility or sustainability, as well as any resulting shifts in the buying practices of U.S. Government agencies, such as increased usage of fixed price contracts, multiple award contracts and small business set-aside contracts, could have adverse effects on government contractors, including us. Any of these changes could impair our ability to obtain new contracts or renew our existing contracts when those contracts are re-competed. Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement and could adversely affect our future revenues, profitability and prospects.

We may incur cost overruns because of fixed priced government contracts which would have a negative impact on our operations.

As we pursue additional U.S. Government contracts in addition to the one U.S. Government contract we now have for the U.S. Army, we expect to have to perform under fixed price contracts such as multi-award, multi-year IDIQ task order based contracts, which generally provide for fixed price schedules for products and services, have no pre-set delivery schedules, have very low minimum purchase requirements, are typically competed among multiple awardees and could force us to carry the burden of any cost overruns. Due to their nature, fixed-priced contracts inherently have more risk than cost reimbursable contracts. If we are unable to control costs or if our initial cost estimates are incorrect, we can lose money on these contracts. In addition, some of these fixed price contracts will likely have provisions relating to cost controls and audit rights, and if we fail to meet the terms specified in those contracts, we may not realize their full benefits. Lower earnings caused by cost overruns and cost controls would have a negative impact on our results of operations should we receive awards of such contracts. The U.S. Government has the right to enter into contracts with other suppliers, which may be competitive with our IDIQ contracts. We anticipate that it may also perform fixed priced contracts under which we agree to provide specific quantities of products and services over time for a fixed price. Since the price competition to win both IDIQ and fixed price contracts is intense and the costs of future contract performance cannot be predicted with certainty, there can be no assurance as to the profits, if any, that we will realize over the term of such contracts.

Misconduct of employees, subcontractors, agents and business partners could cause us to lose existing contracts or customers and adversely affect our ability to obtain new contracts and customers and could have a significant adverse impact on our business and reputation.

Misconduct could include fraud or other improper activities such as falsifying time or other records and violations of laws, including the Anti-Kickback Act. Other examples could include the failure to comply with our policies and procedures or with federal, state or local government procurement regulations, regulations regarding the use and safeguarding of classified or other protected information, legislation regarding the pricing of labor and other costs in government contracts, laws and regulations relating to environmental, health or safety matters, bribery of foreign government officials, import-export control, lobbying or similar activities, and any other applicable laws or regulations. Any data loss or information security lapses resulting in the compromise of personal information or the improper use or disclosure of sensitive or classified information could result in claims, remediation costs, regulatory sanctions against us, loss of current and future contracts and serious harm to our reputation. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations or misconduct by any of our employees, subcontractors, agents or business partners could damage our reputation and subject us to fines and penalties, restitution or other damages, loss of security clearance, loss of current and future customer contracts and suspension or debarment from contracting with federal, state or local government agencies, any of which would adversely affect our business, reputation and our future results.

We may fail to obtain and maintain necessary security clearances, which may adversely affect our ability to perform on certain anticipated U.S. government contracts and depress our potential revenues.

Many U.S. Government programs require contractors to have security clearances. Depending on the level of required clearance, security clearances can be difficult and time-consuming to obtain. If we or our employees are unable to obtain or retain necessary security clearances, we may not be able to win new business, and our existing clients could terminate their contracts with us or decide not to renew them. To the extent we are not able to obtain and maintain facility security clearances or engage employees with the required security clearances for a particular contract, we may not be able to bid on or win new contracts, or effectively rebid on expiring contracts, as well as lose existing contracts, which may adversely affect our operating results and inhibit the execution of our growth strategy.

Our future revenues and growth prospects could be adversely affected by our dependence on other contractors.

If other contractors with whom we have contractual relationships either as a prime contractor or subcontractor eliminate or reduce their work with us, or if the U.S. Government terminates or reduces these other contractors' programs, does not award them new contracts or refuses to pay under a contract our financial and business condition may be adversely affected. Companies that do not have access to U.S. Government contracts may perform services as our subcontractor and that exposure could enhance such companies' prospect of securing a future position as a prime U.S. Government contractor which could increase competition for future contracts and impair our ability to perform on contracts.

We may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract, our hiring of a subcontractor's personnel or the subcontractor's failure to comply with applicable law. Current uncertain economic conditions heighten the risk of financial stress of our subcontractors, which could adversely impact their ability to meet their contractual requirements to us. If any of our subcontractors fail to timely meet their contractual obligations or have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor or higher tier subcontractor may be jeopardized. Significant losses could arise in future periods and subcontractor performance deficiencies could result in our termination for default. A termination for default could eliminate a revenue source, expose us to liability and have an adverse effect on our ability to compete for future contracts and task orders, especially if the customer is an agency of the U.S. Government.

Our international business exposes us to geo-political and economic factors, regulatory requirements and other risks associated with doing business in foreign countries.

We intend to engage in additional foreign operations which pose complex management, foreign currency, legal, tax and economic risks, which we may not adequately address. These risks differ from and potentially may be greater than those associated with our domestic business.

Our international business is sensitive to changes in the priorities and budgets of international customers and geo-political uncertainties, which may be driven by changes in threat environments and potentially volatile worldwide economic conditions, various regional and local economic and political factors, risks and uncertainties, as well as U.S. foreign policy. Our international sales are subject to U.S. laws, regulations and policies, including the International Traffic in Arms Regulations (ITAR) and the Foreign Corrupt Practices Act (see below) and other export laws and regulations. Due to the nature of our products, we must first obtain licenses and authorizations from various U.S. Government agencies before we are permitted to sell our products outside of the U.S. We can give no assurance that we will continue to be successful in obtaining the necessary licenses or authorizations or that certain sales will not be prevented or delayed. Any significant impairment of our ability to sell products outside of the U.S. could negatively impact our results of operations and financial condition.

Our international sales are also subject to local government laws, regulations and procurement policies and practices which may differ from U.S. Government regulations, including regulations relating to import-export control, investments, exchange controls and repatriation of earnings, as well as to varying currency, geo-political and economic risks. Our international contracts may include industrial cooperation agreements requiring specific in-country purchases, manufacturing agreements or financial support obligations, known as offset obligations, and provide for penalties if we fail to meet such requirements. Our international contracts may also be subject to termination at the customer's convenience or for default based on performance and may be subject to funding risks. We also are exposed to risks associated with using foreign representatives and consultants for international sales and operations and teaming with international subcontractors, partners and suppliers in connection with international programs. As a result of these factors, we could experience award and funding delays on international programs and could incur losses on such programs, which could negatively impact our results of operations and financial condition.

We are also subject to a number of other risks including:

- The absence in some jurisdictions of effective laws to protect our intellectual property rights;
- Multiple and possibly overlapping and conflicting tax laws;
- Restrictions on movement of cash;
- The burdens of complying with a variety of national and local laws;
- Political instability;
- Currency fluctuations;
- Longer payment cycles;
- Restrictions on the import and export of certain technologies;
- Price controls or restrictions on exchange of foreign currencies; and
- Trade barriers.

Our international operations are subject to special U.S. government laws and regulations, such as the Foreign Corrupt Practices Act, and regulations and procurement policies and practices, including regulations to import-export control, which may expose us to liability or impair our ability to compete in international markets.

Our international operations are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. and other business entities for the purpose of obtaining or retaining business. We expect to have operations and deal with governmental customers in countries known to experience corruption, including certain countries in the Middle East and in the future, the Far East. Our activities in these countries could create the risk of unauthorized payments or offers of payments by one of our employees, consultants or contractors that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. We are also subject to import-export control regulations restricting the use and dissemination of information classified for national security purposes and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work.

As a U.S. defense contractor, we are vulnerable to security threats and other disruptions that could negatively impact our business.

As a U.S. defense contractor, we face certain security threats, including threats to our information technology infrastructure, attempts to gain access to our proprietary or classified information, and threats to physical security. These types of events could disrupt our operations, require significant management attention and resources, and could negatively impact on our reputation among our customers and the public, which could have a negative impact on our financial condition, results of operations and liquidity. We are continuously exposed to cyber-attacks and other security threats, including physical break-ins. Any electronic or physical break-in or other security breach or compromise may jeopardize security of information stored or transmitted through our information technology systems and networks. This could lead to disruptions in mission-critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Although we have implemented policies, procedures and controls to protect against, detect and mitigate these threats, we face advanced and persistent attacks on our information systems and attempts by others to gain unauthorized access to our information technology systems are becoming more sophisticated. These attempts include covertly introducing malware to our computers and networks and impersonating authorized users, among others, and may be perpetrated by well-funded organized crime or state sponsored efforts. We seek to detect and investigate all security incidents and to prevent their occurrence or recurrence. We continue to invest in and improve our threat protection, detection and mitigation policies, procedures and controls. In addition, we work with other companies in the industry and government participants on increased awareness and enhanced protections against cyber security threats. However, because of the evolving nature and sophistication of these security threats, which can be difficult to detect, there can be no assurance that our policies, procedures and controls have or will detect or prevent any of these threats and we cannot predict the full impact of any such past or future incident. Although we work cooperatively with our customers and other business partners to seek to minimize the impacts of cyber and other security threats, we must rely on the safeguards put in place by those entities. Any remedial costs or other liabilities related to cyber or other security threats may not be fully insured or indemnified by other means. Occurrence of any of these security threats could expose us to claims, contract terminations and damages and could adversely affect our reputation, ability to work on sensitive U.S. Government contracts, business operations and financial results.

Difficult conditions in the global capital markets and the economy generally may materially adversely affect our business and results of operations.

Our results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. Weak economic conditions sustained uncertainty about global economic conditions, concerns about future U.S. budgetary cuts, or a prolonged or further tightening of credit markets could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on our business, results of operations or cash flows. In the event of extreme prolonged adverse market events, such as a global credit crisis, we could incur significant losses.

Inflation has been on the rise and continues to destabilize the global economy. The Russia Ukraine conflict and other geopolitical tensions, as well as the related international response, have exacerbated inflationary pressures, including causing increases in the price for goods and services and exacerbated global supply chain disruptions, which have resulted in, and may continue to result in, shortages in materials and services and related uncertainties. Such shortages have resulted in and may continue to result in cost increases for labor, fuel, materials and services, and could continue to cause costs to increase, and result in the scarcity of certain materials. We cannot predict any future trends in the rate of inflation or other negative economic factors or associated increases in our operating costs and how that may impact our business. To the extent we are unable to recover higher operating costs resulting from inflation or otherwise mitigate the impact of such costs on our business, our revenues and gross profit could decrease, and our financial condition and results of operations could be adversely affected.

Risks Related to Our Intellectual Property

Our success may depend on our ability to obtain and protect the proprietary information on which we base our laser-based cleaning equipment.

In the event we acquire companies with intellectual property (“IP”) that is important to the development of our laser cleaning products, we will need to:

- Obtain valid and enforceable patents;
- Protect trade secrets; and
- Operate without infringing upon the proprietary rights of others.

We will be able to protect our proprietary technology from unauthorized use by third parties only to the extent that such proprietary rights are covered by valid and enforceable patents or are effectively maintained as trade secrets. Any non-confidential disclosure or misappropriation by third parties of our confidential or proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in our market.

The patent application process, also known as patent prosecution, is expensive and time-consuming, and we and our current or future licensors and licensees may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our current licensors, or any future licensors or licensees, will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Therefore, these and any of our patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. It is possible that defects of form in the preparation or filing of our patents or patent applications may exist, or may arise in the future, for example with respect to proper priority claims or inventorship. If we or our current licensors or licensees, or any future licensors or licensees, fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our current licensors or licensees, or any future licensors or licensees, are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised. If there are material defects in the form or preparation of our patents or patent applications, such patents or applications may be invalid and unenforceable. Any of these outcomes could impair our ability to prevent competition from third parties, which may harm our business.

The patent applications that we may own, or license may fail to result in issued patents in the United States or in other countries. Even if patents are issued on such patent applications, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. For example, U.S. patents can be challenged by any person before the new USPTO Patent Trial and Appeals Board at any time within the first year of that person’s receipt of an allegation of infringement of the patents. Patents granted by the European Patent Office may be similarly opposed by any person within nine months from the publication of the grant. Similar proceedings are available in other jurisdictions, and in the United States, Europe and other jurisdictions third parties can raise questions of validity with a patent office even before a patent has granted. Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property or prevent others from designing around our claims. If the breadth or strength of protection provided by the patents and patent applications we hold or pursue with respect to our product candidates is successfully challenged, then our ability to commercialize such product candidates could be negatively affected, and we may face unexpected competition that could harm our business. Further, if we encounter delays in our clinical trials, the period of time during which we or our collaborators could market our product candidates under patent protection would be reduced.

The degree of future protection of our proprietary rights is uncertain. Patent protection may be unavailable or severely limited in some cases and may not adequately protect our rights or permit us to gain or keep our competitive advantage. For example:

- we might not have been the first to invent or the first to file the inventions covered by each of our pending patent applications and issued patents;
- others may be able to make, use, sell, offer to sell or import products that are similar to our products or product candidates but that are not covered by the claims of our patents; others may independently develop similar or alternative technologies or duplicate any of our technologies;
- the proprietary rights of others may have an adverse effect on our business;
- any proprietary rights we do obtain may not encompass commercially viable products, may not provide us with any competitive advantages or may be challenged by third parties;
- any patents we obtain, or our in-licensed issued patents, may not be valid or enforceable; or
- we may not develop additional technologies or products that are patentable or suitable to maintain as trade secrets.
- If we or our current licensors or licensees, or any future licensors or licensees, fail to prosecute, maintain and enforce patent protection for our product candidates, our ability to develop and commercialize our product candidates could be harmed and we might not be able to prevent competitors from making, using and selling competing products. This failure to properly protect the intellectual property rights relating to our product candidates could harm our business, financial condition and operating results. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how.

Even where laws provide protection, costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and the outcome of such litigation would be uncertain. If we or one of our collaborators were to initiate legal proceedings against a third party to enforce a patent covering the product candidate, the defendant could assert an affirmative defense or counterclaim that our patent is not infringed, invalid and/or unenforceable. In patent litigation in the United States, defendant defenses and counterclaims alleging non-infringement, invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, anticipation or obviousness, and lack of written description, definiteness or enablement. Patents may be unenforceable if someone connected with prosecution of the patent withheld material information from the USPTO, or made a misleading statement, during prosecution. The outcomes of proceedings involving assertions of invalidity and unenforceability are unpredictable. It is possible that prior art of which we and the patent examiner were unaware during prosecution exists, which would render our patents invalid. Moreover, it is also possible that prior art may exist that we are aware of, but that we do not believe are relevant to our current or future patents, that could nevertheless be determined to render our patents invalid. If a defendant were to prevail over a legal assertion of invalidity and/or unenforceability of our patents covering one of our product candidates, we would lose at least part, and perhaps all, of the patent protection on such a product candidate. Such a loss of patent protection would harm our business. Moreover, our competitors could counterclaim in any suit to enforce our patents that we infringe their intellectual property. Furthermore, some of our competitors have substantially greater intellectual property portfolios, and resources, than we do.

Our ability to stop third parties from using our technology or making, using, selling, offering to sell or importing our products is dependent upon the extent to which we have rights under valid and enforceable patents that cover these activities. If any patent we currently or in the future may own or license is deemed not infringed, invalid or unenforceable, it could impact our commercial success. We cannot predict the breadth of claims that may be issued from any patent applications we currently or may in the future own or license from third parties.

To the extent that consultants or key employees apply technological information independently developed by them or by others to our product candidates, disputes may arise as to who has the proprietary rights to such information and product candidates, and certain of such disputes may not be resolved in our favor. Consultants and key employees that work with our confidential and proprietary technologies are required to assign all intellectual property rights in their inventions and discoveries created during the scope of their work to our company. However, these consultants or key employees may terminate their relationship with us, and we cannot preclude them indefinitely from dealing with our competitors.

If we are unable to prevent disclosure of our trade secrets or other confidential information to third parties, our competitive position may be impaired.

We also may rely on trade secrets to protect our technology, especially where we do not believe patent protection is appropriate or obtainable. Our ability to stop third parties from obtaining the information or know-how necessary to make, use, sell, offer to sell or import our products or practice our technology is dependent in part upon the extent to which we prevent disclosure of the trade secrets that cover these activities. Trade secret rights can be lost through disclosure to third parties. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose our trade secrets to third parties, resulting in loss of trade secret protection. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how, which would not constitute a violation of our trade secret rights. Enforcing a claim that a third party is engaged in the unlawful use of our trade secrets is expensive, difficult and time consuming, and the outcome is unpredictable. In addition, recognition of rights in trade secrets and a willingness to enforce trade secrets differs in certain jurisdictions.

If we are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation could harm our business.

Our commercial success depends significantly on our ability to operate without infringing, violating or misappropriating the patents and other proprietary rights of third parties. Our own technologies we acquire or develop may infringe, violate or misappropriate the patents or other proprietary rights of third parties, or we may be subject to third-party claims of such infringement. Numerous U.S. and foreign issued patents and pending patent applications owned by third parties, exist in the fields in which we are developing our product candidates. Because some patent applications may be maintained in secrecy until the patents are issued, because publication of patent applications is often delayed, and because publications in the scientific literature often lag behind actual discoveries, we cannot be certain that we were the first to invent the technology or that others have not filed patent applications for technology covered by our pending applications. We may not be aware of patents that have already issued that a third party might assert are infringed by our product candidates. It is also possible that patents of which we are aware, but which we do not believe are relevant to our product candidates, could nevertheless be found to be infringed by our product candidates. Moreover, we may face patent infringement claims from non-practicing entities that have no relevant product revenue and against whom our own patent portfolio may thus have no deterrent effect. In the future, we may agree to indemnify our manufacturing partners against certain intellectual property claims brought by third parties.

Intellectual property litigation involves many risks and uncertainties, and there is no assurance that we will prevail in any lawsuit brought against us. Third parties making claims against us for infringement, violation or misappropriation of their intellectual property rights may seek and obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize our product candidates. Further, if a patent infringement suit were brought against us, we could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit. Defense of these claims, regardless of their merit, would cause us to incur substantial expenses and, would be a substantial diversion of resources from our business. In the event of a successful claim of any such infringement, violation or misappropriation, we may need to obtain licenses from such third parties and we and our partners may be prevented from pursuing product development or commercialization and/or may be required to pay damages. We cannot be certain that any licenses required under such patents or proprietary rights would be made available to us, or that any offer to license would be made available to us on commercially reasonable terms. If we cannot obtain such licenses, we and our collaborators may be restricted or prevented from manufacturing and selling products employing our technology. These adverse results, if they occur, could adversely affect our business, results of operations and prospects, and the value of our shares.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

The defense and prosecution of contractual or intellectual property lawsuits, USPTO interference or derivation proceedings, European Patent Office oppositions and related legal and administrative proceedings in the United States, Europe and other countries, involve complex legal and factual questions. As a result, such proceedings may be costly and time-consuming to pursue, and their outcome is uncertain.

- Litigation may be necessary to:
- protect and enforce our patents and any future patents issuing on our patent applications;
- enforce or clarify the terms of the licenses we have granted or may be granted in the future;

- protect and enforce trade secrets, know-how and other proprietary rights that we own or have licensed, or may license in the future; or
- determine the enforceability, scope and validity of the proprietary rights of third parties and defend against alleged patent infringement.

Competitors may infringe our intellectual property. As a result, we may be required to file infringement claims to stop third-party infringement or unauthorized use. This can be expensive, particularly for a company of our size, and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable or may refuse to stop the other party from using the technology at issue on the grounds that our patent claims do not cover its technology or that the factors necessary to grant an injunction against an infringer are not satisfied. An adverse determination of any litigation or other proceedings could put one or more of our patents at risk of being invalidated, interpreted narrowly, or amended such that they do not cover our product candidates. Moreover, such adverse determinations could put our patent applications at risk of not issuing or issuing with limited and potentially inadequate scope to cover our product candidates or to prevent others from marketing similar products.

Interference, derivation or other proceedings brought at USPTO, may be necessary to determine the priority or patentability of inventions with respect to our patent applications or those of our licensors or potential collaborators. Litigation or USPTO proceedings brought by us may fail or may be invoked against us by third parties. Even if we are successful, domestic or foreign litigation or USPTO or foreign patent office proceedings may result in substantial costs and distraction to our management. We may not be able, alone or with our licensors or potential collaborators, to prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or other proceedings, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation or other proceedings. In addition, during this kind of litigation or proceedings, there could be public announcements of the results of hearings, motions or other interim proceedings or developments or public access to related documents. If investors perceive these results to be negative, the market price for our common stock could be significantly harmed.

Some of our competitors may be able to sustain the costs of patent-related disputes, including patent litigation, more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

We may not be able to enforce our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on our product candidates in all countries throughout the world would be prohibitively expensive. The requirements for patentability may differ in certain countries, particularly in developing countries. Moreover, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws. Additionally, laws of some countries outside of the United States do not afford intellectual property protection to the same extent as the laws of the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property rights. This could make it difficult for us to stop the infringement of our patents or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection, if our ability to enforce our patents to stop infringing activities is inadequate. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and resources from other aspects of our business. Furthermore, while we intend to protect our intellectual property rights in major markets for our products, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our products. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate.

Risks Related to Investing in Our Common Stock

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an “emerging growth company”, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which we refer to as the Sarbanes-Oxley Act, (2) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds \$700 million as of any September 30 before that time or if we have total annual gross revenue of \$1.0 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31 or, if we issue more than \$1.0 billion in non-convertible debt during any three-year period before that time, we would cease to be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we may still qualify as a “smaller reporting company” which would allow us to take advantage of many of the same exemptions from disclosure requirements, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and/or warrants and our stock price and price for the warrants may be more volatile.

Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until the later of our second annual report or the first annual report required to be filed with the Securities and Exchange Commission (the “SEC”) following the date upon which we are no longer an “emerging growth company” as defined in the JOBS Act.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies

Because the Company is a “smaller reporting company,” we may take advantage of certain scaled disclosures available to us, resulting in holders of our securities receiving less Company information than they would receive from a public company that is not a smaller reporting company.

We are a “smaller reporting company” as defined in the Securities Exchange Act of 1934, as amended (the “Exchange Act”). As a smaller reporting company, we may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as (i) our common shares held by non-affiliates is less than \$250 million measured on the last business day of our second fiscal quarter, or (ii) our annual revenue is less than \$100 million during the most recently completed fiscal year and our common shares held by non-affiliates is less than \$700 million measured on the last business day of our second fiscal quarter. To the extent we take advantage of any reduced disclosure obligations, it may make it harder for investors to analyze the Company’s results of operations and financial prospects in comparison with other public companies.

As a smaller reporting company, we are permitted to comply with scaled-back disclosure obligations in our SEC filings compared to other issuers, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have elected to adopt the accommodation available to smaller reporting companies. Until we cease to be a smaller reporting company, the scaled-back disclosure in our SEC filings will result in less information about our company being available than for other public companies.

Our largest stockholder beneficially owns a significant number of shares of our common stock. That stockholder's interests may conflict with other stockholders, who may be unable to influence management and exercise control over our business.

ICT Investments, via common control of Fonon Drone Shield Solutions, Inc. and Fonon Technologies combined owns 34% of our shares of common stock. As a result, ICT Investments is able to: place, elect, or defeat the election of our directors; amend or prevent amendment to our certificates of incorporation or bylaws; effect or prevent a merger, sale of assets or other corporate transaction; drive business decisions and control expenditures; and control the outcome of any other matter submitted to the stockholders for vote. Accordingly, other stockholders are unable to influence management or exercise control over our business.

We do not intend to pay cash dividends to our stockholders.

We paid a one-time cash dividend for the year ending December 31, 2021, in the amount of \$310,280. We currently intend to retain any future earnings for funding growth and, therefore, do not expect to pay any cash dividends in the foreseeable future. If we determine that we will pay cash dividends to the holders of our common stock, we cannot assure that such cash dividends will be paid on a timely basis. The success of your investment in our Company will likely depend entirely upon any future appreciation.

Some provisions of our certificate of incorporation and bylaws may deter takeover attempts, which may inhibit a takeover that stockholders consider favorable and limit the opportunity of our stockholders to sell their shares at a favorable price.

Under our certificate of incorporation, our Board of Directors may issue additional shares of common or preferred stock. Our Board of Directors has the ability to authorize "blank check" preferred stock without future stockholder approval. This makes it possible for our Board of Directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us by means of a merger, tender offer, proxy contest or otherwise, including a transaction in which our stockholders would receive a premium over the market price for their shares and/or any other transaction that might otherwise be deemed to be in their best interests, and thereby protects the continuity of our management and limits an investor's opportunity to profit by their investment in our business. Specifically, if in the due exercise of its fiduciary obligations, the Board of Directors were to determine that a takeover proposal was not in our best interest, shares could be issued by our Board of Directors without stockholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover by:

- diluting the voting or other rights of the proposed acquirer or insurgent stockholder group,
- putting a substantial voting bloc in institutional or other hands that might undertake to support the incumbent Board of Directors, or
- effecting an acquisition that might complicate or preclude the takeover.

Our indemnification of our officers and directors may cause us to use corporate resources to the detriment of our stockholders.

Our certificate of incorporation eliminates the personal liability of our directors for monetary damages arising from a breach of their fiduciary duty as directors to the fullest extent permitted by Delaware law. This limitation does not affect the availability of equitable remedies, such as injunctive relief or rescission. Our certificate of incorporation requires us to indemnify our directors and officers to the fullest extent permitted by Delaware law, including in circumstances in which indemnification is otherwise discretionary under Delaware law.

Under Delaware law, we may indemnify our directors or officers or other persons who were, are or are threatened to be made a named defendant or respondent in a proceeding because the person is or was our director, officer, employee or agent, if we determine that the person:

conducted himself or herself in good faith, reasonably believed, in the case of conduct in his or her official capacity as our director or officer, that his or her conduct was in our best interests, and, in all other cases, that his or her conduct was at least not opposed to our best interests; and in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

These persons may be indemnified against expenses, including attorneys' fees, judgments, fines, including excise taxes, and amounts paid in settlement, actually and reasonably incurred, by the person in connection with the proceeding. If the person is found liable to the corporation, no indemnification will be made unless the court in which the action was brought determines that the person is fairly and reasonably entitled to indemnity in an amount that the court will establish.

Insofar as indemnification for liabilities under the Securities Act of 1933, as amended – the “Securities Act” – may be permitted to directors, officers or persons controlling us under the above provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Our bylaws include a forum selection clause, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us, remove current management or to be acquired by a third party.

Our bylaws require that, unless we consent in writing to the selection of an alternative forum, either (i) the Court of Chancery of the State of Delaware is to be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (c) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware or our bylaws or (d) any action or proceeding asserting a claim governed by the internal affairs doctrine or (ii) the federal district court in the State of Delaware will be the exclusive forum for a cause of action arising under the Securities Act and the Exchange Act. In addition, our bylaws could make it more difficult for a third party to acquire us or to remove current management through provisions that preclude cumulative voting in the election of directors and that allow our bylaws to be adopted, amended or repealed by our board of directors.

This exclusive forum provision will apply to other states and federal law claims including actions arising under the Securities Act (although our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder). Section 22 of the Securities Act, however, creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. This forum selection provision in our bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. It is also possible that, notwithstanding the forum selection clause included in our bylaws, a court could rule that such a provision is inapplicable or unenforceable.

The obligations associated with being a public company require significant resources and management attention, which may divert from our business operations.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and The Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition, proxy statement, and other information. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Our Chief Executive Officer and Chief Financial Officer will need to certify that our disclosure controls and procedures are effective in ensuring that material information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC's rules and forms. We may need to hire additional financial reporting, internal controls and other financial personnel to develop and implement appropriate internal controls and reporting procedures. As a result, we will incur significant legal, accounting and other expenses. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our sales, general and administrative expenses.

Public company compliance may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and rules implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, these rules and regulations increase our compliance costs and make certain activities more time-consuming and costly. As a public company, these rules and regulations may make it more difficult and expensive for us to maintain our director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers, and to maintain insurance at reasonable rates, or at all.

If we fail to establish and maintain an effective system of internal controls, we may not be able to report our financial results accurately or prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. There exist material weaknesses in our internal controls as of December 31, 2025. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. With each prospective acquisition we may make we will conduct whatever due diligence is necessary or prudent to assure us that the acquisition target can comply with the internal control requirements of the Sarbanes- Oxley Act. Notwithstanding our diligence, certain internal control deficiencies may not be detected at acquired entities. As a result, any internal control deficiencies may adversely affect our financial condition, results of operations, and access to capital.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial controls such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. We continue to evaluate steps to remediate our material weaknesses. These remediation measures may be time-consuming and costly and there is no assurance that these initiatives will ultimately have the intended effects.

Any failure to maintain effective internal controls could adversely impact on our ability to report our financial position and results from operations on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the SEC or other regulatory authorities. In either case, there could result a material adverse effect on our business. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

We can give no assurance that the measures we have taken and plan to take in the future will remediate the material weaknesses or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- our ability to execute our business plan and complete prospective acquisitions;
- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;

- limited “public float” in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- sales of our common stock (particularly following effectiveness of this Form S-1);
- operating results that fall below expectations;
- regulatory developments;
- economic and other external factors;
- period-to-period fluctuations in our financial results;
- our inability to develop or acquire new or needed technologies;
- the public’s response to press releases or other public announcements by us or third parties, including filings with the SEC;
- changes in financial estimates or ratings by any securities analysts who follow our common stock, our failure to meet these estimates or failure of those analysts to initiate or maintain coverage of our common stock;
- the development and sustainability of an active trading market for our common stock; and
- any future sales of our common stock by our officers, directors and significant stockholders.

In addition, the securities markets have from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

If our shares of common stock become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price per share of less than \$5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not obtain or retain a listing on the Nasdaq Capital Market and if the price of our common stock is less than \$5.00 per share, our common stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before effecting a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that, before effecting any such transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser’s written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

FINRA sales practice requirements may limit a stockholder’s ability to buy and sell our stock.

In addition to the “penny stock” rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker- dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative, low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information. The FINRA requirements may make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may have the effect of reducing the level of trading activity in our common stock. As a result, fewer broker-dealers may be willing to make a market in our common stock, reducing a stockholder’s ability to resell shares of our common stock.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our common stock will, to some extent, depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market upon the expiration of any statutory holding period under Rule 144, or shares issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an “overhang” and, in anticipation of which, the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our common stock and impair our ability to raise capital through the sale of shares.

Any substantial sale of stock by existing stockholders could depress the market value of our stock, thereby devaluing the market price and causing investors to risk losing all or part of their investment.

ICT Investments through its ownership of Fonon Drone Shield Solutions, Inc., holds a large number of our outstanding shares. We can make no prediction as to the effect, if any, that sales of shares, or the availability of shares for future sale, will have on the prevailing market price of our shares of common stock. Sales of substantial amounts of shares in the public market, or the perception that such sales could occur, could depress prevailing market prices for the shares. Such sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price which it deems appropriate.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We use, store and process data for and about our customers, employees, partners, and suppliers. We have implemented a cybersecurity risk management program that is designed to identify, assess, and mitigate risks from cybersecurity threats to this data, our systems and business operations.

Cyber Risk Management and Strategy

Under the oversight of the Board of Directors and Audit Committee, we have implemented and maintained a risk management program that includes processes for systematic identification, assessment, management, and treatment of cybersecurity risks. Our cybersecurity oversight and operational processes are integrated into our overall risk management processes, and cybersecurity is one of our designated risk categories. We use the National Institute of Standards and Technology Cybersecurity Framework to guide our approach, ensuring a structured and comprehensive strategy for managing cybersecurity risks. We implement a risk-based approach to the management of cyber threats, supported by cybersecurity technologies, including automated tools designed to monitor, identify, and address cybersecurity risks. In support of this approach, our IT security team implements processes to assess, identify, and manage security risks to the company, including in the pillar areas of security and compliance, application security, infrastructure security, and data privacy. This process includes regular compliance and critical system access reviews. In addition, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments as part of our risk management process. We also maintain an incident response plan to guide our processes in the event of an incident. We also have a process to require corporate employees to undertake cybersecurity training and compliance programs annually.

We utilize third parties and consultants to assist in the identification and assessment of risks, including to support tabletop exercises and to conduct security testing.

Further, we have processes in place to evaluate potential risks from cybersecurity threats associated with our use of third-party service providers that will have access to Company data, including a review process for such providers' cybersecurity practices, risk assessments, contractual requirement, and system monitoring.

We continue to evaluate and enhance our systems, controls, and processes where possible, including in response to actual or perceived threats specific to us or experienced by other companies.

Although risks from cybersecurity threats have to date not materially affected us, our business strategy, results of operations or financial condition, we have, from time to time, experienced threats to and breaches of our and our third-party vendors' data and systems. For more information, please see Item 1A. Risk Factors, the section titled "Risk Factors—Risks Related to our Business and Our Industry— *Internal system or service failures could disrupt our business and impair our ability to effectively provide our services and products to our customers, which could damage our reputation and adversely affect our revenues and profitability.*" and "*As a U.S. defense contractor, we are vulnerable to security threats and other disruptions that could negatively impact our business.*"

Risk Management Oversight and Governance

The Board of Directors has oversight of the Company's cybersecurity program and has delegated the quarterly assessments and management of cybersecurity risks to the Audit Committee.

Our IT Manager and our IT Administrator oversee our information security program and lead our information security team. Our IT Manager has primary responsibility for assessing and managing our cybersecurity threat management program, informed by over ten years of experience leading cross-functional organizations in the development and operation of large-scale systems.

Our IT Manager reports quarterly to the Audit Committee of the Board of Directors on the information security program and related cyber risks and provides an annual update to the Board of Directors on the Company's overall risk management strategy, which includes addressing cybersecurity risks. Any cybersecurity incidents at the Company are reported to the Audit Committee by the IT Manager.

ITEM 2. PROPERTIES

On July 1, 2024, we entered into a lease agreement for 48,481 square feet of facility space at a base monthly rent of \$50,354 with an annual increase of 3%, that has a term ending June 30, 2035. The location of the facility is 250 Technology Park, Lake Mary, FL.

On October 31, 2024, upon acquisition of Control Micro Systems, we assumed a lease agreement for 52,200 square feet of facility space at 4420 Metric Dr., Winter Park, FL at a base monthly rent of \$27,770 per month. That lease was set to expire on October 31, 2025 but was renewed through October 31, 2026 at a base monthly rent of \$54,930.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we have been and will continue to be subject to legal proceedings and claims. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

- (a) Market Information. Our common stock is traded on the NASDAQ with the ticker symbol “LASE”.
- (b) Stockholders. As of April 8, 2026, there were 18 registered holders of our common stock.
- (c) Dividends. We paid a one-time stock dividend on December 31, 2021, but we do not intend to pay any dividends in the foreseeable future.
- (d) Securities Authorized for Issuance under Equity Compensation Plans.

The following table provides information about the common stock that may be issued upon the exercise of options, warrants and rights under all of the Company’s existing equity compensation plans as of December 31, 2025.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, warrants and rights	Weighted- Average Exercise Price of Outstanding Options, warrants and rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	—	—	10,000,000
Total	<u>—</u>	<u>—</u>	<u>10,000,000</u>

(1) In December 2019 our Board of Directors and a majority of our shareholders approved a 2019 Stock Incentive Plan and authorized the issuance of up to 10,000,000 shares under this plan.

Recent Sales of Unregistered Securities.

Not applicable.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and the notes to those financial statements appearing elsewhere in this Report.

Certain statements in this Report constitute forward-looking statements. These forward-looking statements include statements which involve risks and uncertainties, regarding, among other things, (a) our projected sales, profitability, and cash flows, (b) our growth strategy, (c) anticipated trends in our industry, (d) our future financing plans, and (e) our anticipated needs for, and use of, working capital. They are generally identifiable by use of the words “may,” “will,” “should,” “anticipate,” “estimate,” “plan,” “potential,” “project,” “continuing,” “ongoing,” “expects,” “management believes,” “we believe,” “we intend,” or the negative of these words or other variations on these words or comparable terminology. Considering these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. You should not place undue reliance on these forward-looking statements.

The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The “Company,” “we,” “us,” or “our,” are references to the business of Laser Photonics Corporation, a Wyoming corporation.

Overview

We are a vertically integrated manufacturing Company for photonics based industrial products and solutions, primarily disruptive laser cleaning technologies and applications for the pharmaceutical industry. Our vertically integrated operations allow us to reduce development and advanced laser equipment manufacturing time, offer better prices, control quality and protect our proprietary knowhow and technology compared to other laser cleaning companies and companies with competing technologies.

In 2024, we acquired CMS, a laser company located in Orlando, Florida, that designs and builds turnkey laser material processing systems for marking, cutting, drilling and welding. CMS allows us to expand into the pharmaceutical market for controlled-release medications that is expanding rapidly, driven by the growing need for more effective and patient-friendly drug delivery systems. Controlled-release tablets, which gradually release medication over time, require precision manufacturing techniques to ensure the proper dosage and timing of active ingredient release. Laser technology plays a critical role in creating micro-drilled apertures in these tablets, ensuring accurate and consistent drug release. We believe that there is a significant opportunity to unlock CMS's growth potential by integrating it into our existing sales and marketing infrastructure, enhancing customer engagement and expanding our market reach to maximize wallet share from current customers and bring new clients on board.

In 2025, we expanded our product portfolio through the acquisition of Beamer Laser Marking Systems, formerly the laser capital equipment division of ARCH Cutting Tools. Beamer's IR fiber and CO₂ laser marking systems significantly expand our product offering into high-value industrial marking applications such as serialization, UID marking, medical devices, aerospace traceability, automotive components, and firearms compliance. The Beamer acquisition also provides an established customer base and IP portfolio and is expected to enhance our revenue mix in 2026.

We intend to continue to stay ahead of the technology curve by researching and developing cutting edge products and technologies for both large and small businesses. We view the small companies as an attractive market opportunity since they were previously unable to take advantage of laser processing equipment due to high prices, significant operating costs and the technical complexities of laser equipment. As a result, we are developing an array of laser cleaning equipment that we have named the CleanTech™ product line, which we believe represents a new generation of high-power laser cleaning systems applicable to numerous material processing operations.

Factors and Trends That Affect Our Operations and Financial Results

In reading our financial statements, you should be aware of the following factors and trends that our management believes are important in understanding our financial performance.

Beamer integration and expected synergies. With the Beamer acquisition, the Company expects near-term integration costs related to engineering alignment, supply chain consolidation, and facility relocation. Management anticipates long-term synergies through shared manufacturing resources, cross-selling opportunities, and expanded participation in regulated industries requiring permanent laser marking solutions.

Supply Chain. We are experiencing increased lead times for certain parts and components purchased from third party suppliers; particularly electronic components. We, our customers and our suppliers, continue to face constraints related to supply chain and logistics, including availability of capacity, materials, air cargo space, sea containers and higher freight rates and import duties. Supply chain and logistics constraints are expected to continue for the foreseeable future and could impact on our ability to supply products and our customers' demand for our product or readiness to accept deliveries. Notwithstanding these effects, we believe we can meet the near-term demand for our products, but the situation is fluid and subject to change.

Net sales. Our net sales have historically fluctuated from year to year. The increase or decrease in sales from a prior year can be affected by the timing of orders received from customers, the shipment, installation and acceptance of products at our customers' facilities. Net sales can be affected by the time taken to qualify our products for use in new applications in the end markets that we serve. Our sales cycle varies substantially, ranging from a period of a few weeks to as long as one year or more, but is typically several months. The adoption of our products by a new customer or qualification in a new application can lead to an increase in net sales for a period which may then slow until we penetrate new markets or obtain new customers.

Our business depends substantially upon capital expenditures by end users, particularly by manufacturers using our products for materials processing, which includes general manufacturing, automotive including electric vehicles (EV), other transportation, aerospace, heavy industry, consumer, semiconductor, pharmaceutical, and electronics. Although applications within materials processing are broad, the capital equipment market in general is cyclical and historically has experienced sudden and severe downturns. For the foreseeable future, our operations will continue to depend upon capital expenditures by end users of materials processing equipment and will be subject to the broader fluctuations of capital equipment spending.

Gross margin. Our total gross margin in any period can be significantly affected by several factors, including net sales, production volumes, competitive factors, product mix, and by other factors such as changes in foreign exchange rates relative to the U.S. Dollar. Many of these factors are not under our control. The following are examples of factors affecting gross margin:

- As our products mature, we can experience additional competition which tends to decrease average selling prices and affects gross margin.
- Our gross margin can be significantly affected by product mix. Within each of our product categories, the gross margin is generally higher for devices with greater average power. These higher power products often have better performance, more difficult specifications to attain and fewer competing products in the marketplace.

Selling and Marketing expenses. In the first quarter of 2025, we invested in Selling and Marketing costs to support continued growth in the Company. As the secular shift to laser blasting technology matures, our sales growth becomes more susceptible to the cyclical trends typical of capital equipment manufacturers. Accordingly, our future management of and investments in selling and marketing expenses will also be influenced by these trends, although we may still invest in selling and marketing functions to support sales sustainability even in economic down cycles.

Research and development expenses. We plan to continue to invest in research and development to improve our existing laser blasting technology and equipment and develop new products, systems and applications. We believe that these investments will sustain our position as a leader in the laser industry and will support the development of new products that can address new markets and growth opportunities. The amount of research and development expenses we incur may vary from period to period.

Results of Operations

LASER PHOTONICS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2025 and 2024

	Year Ending December 31,	
	2025	2024
Net sales	\$ 7,921,919	\$ 3,367,681
Net sales – related party	420,089	47,515
Total Net Sales	8,342,008	3,415,196
Cost of Sales	7,139,754	3,013,063
Gross Profit	1,202,254	402,133
Operating expenses:		
Sales and marketing	1,784,659	1,779,966
General and administrative	8,057,013	3,573,955
Research and development	513,563	578,886
Impairment of property, plant and equipment	236,717	-
Impairment of intangible assets	3,902,378	932,669
Total Operating Expenses	14,494,330	6,865,476
Operating Loss	(13,292,076)	(6,463,343)
Other income (expenses):		
Financing costs – additional notes principal added on default	(738,889)	-
Interest expense, net	(3,649,808)	-
Change in fair value of derivative liability	313,892	-
Bargain purchase of acquisition	-	3,857,999
Other income (expense), net	(89,165)	86,517
Total other income (expenses), net	(4,163,970)	3,944,516
Net Loss	\$ (17,456,046)	\$ (2,518,827)
Deemed dividend from software acquisition	-	(6,615,000)
Deemed dividend on common control acquisitions	(8,789,754)	
Deemed dividend on cashless exercise of warrant	(6,312,970)	
Net Comprehensive Loss Attributed to Common Shareholders	\$ (32,558,770)	\$ (9,133,827)

Net sales

Net sales for the year ended December 31, 2025 and 2024 was \$8.3 million and \$3.4 million, respectively. The increase in revenue was due to the recording of a full year of revenue for CMS in 2025, which we acquired on October 30, 2024.

Cost of sales

Cost of sales for the year ended December 31, 2025 and 2024, was \$7.1 million and \$3.0 million, respectively. The increase in cost of sales was due to the increase in our net sales.

Gross profit

Gross profit for the year ended December 31, 2025 and 2024 was \$1.2 million and \$0.4 million, respectively. The increase in gross profit was due to our increase in net sales. Our gross margin for the year ended December 31, 2025 and 2024 was 14% and 12%, respectively.

Operating expenses

Operating expenses consist of sales and marketing expense, general and administrative expense, research and development expense, and impairment charges. Operating expenses for the year ended December 31, 2025 and 2024 were \$14.5 million and \$6.9 million accordingly. The increase of \$7.6 million was due to the recording of \$1.6 million of non-cash stock-based compensation expense, \$0.8 million of non-cash stock-based payment for services, and \$0.2 million on the impairment of property and equipment, all of which did not occur in the prior year period. Additionally, we recorded an increase of \$3.0 million for the impairment of intangible assets over the prior year period. The remaining increase in operating expenses over the prior year period was from a full year of CMS operating expenses in 2025, which we acquired on October 30, 2024, and normal changes in our operating expenses to support our growth.

Operating loss

Operating loss for the year ended December 31, 2025 and 2024 was \$13.3 million and \$6.5 million, respectively. The increase in operating loss was from increased operating expenses, which was offset by increased gross profit, as discussed above.

Other income (expenses)

Other expenses was \$4.2 million for the year ended December 31, 2025, compared to other income of \$3.9 million for the prior year period. In the current period, we realized financing costs of \$0.7 million related to our notes payable, \$3.7 million of interest, offset by the change in fair value of derivative liability of \$0.3 million, all of which did not occur in the prior year period. In the prior year period, we recorded a \$3.9 million gain on bargain purchase of our acquisition of CMS, and other income of \$0.1 million, both of which did not occur in the current year period.

Net loss

Net loss for the year ended December 31, 2025 and 2024 was \$17.4 million and \$2.5 million, respectively. The increase in net loss was from the change in other income (expenses), increased operating expenses, offset by increased gross profit, as discussed above.

Liquidity and Capital Resources

The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of the uncertainty concerning our ability to continue as a going concern.

As reflected in the accompanying financial statements, for the year ended December 31, 2025, the Company recorded a net loss of \$17.5 million and used cash in operations of \$6.4 million. Cash used in operations was primarily for working capital. As of December 31, 2025, we had a cash balance of \$0.7 million.

On February 9, 2026, we conducted a public offering of an aggregate of (i) 7,142,858 shares (the “Shares”) of the Company’s common shares, par value \$0.001 per share (the “Common Stock”), at an offering price per Share and associated Warrants of \$0.70, (ii) five year Series A-1 Common Stock purchase warrants (the “Series A-1 Warrants”) to purchase up to 7,142,858 shares of Common Stock at an exercise price of \$0.70 per share, and (iii) twenty-four month Series A-2 Common Stock purchase warrants (the “Series A-2 Warrants”, and, collectively with the Series A-1 Warrants, the “Warrants”) to purchase up to 7,142,858 shares of Common Stock at an exercise price of \$0.70 per share, for aggregate gross proceeds of \$5,000,001. In connection with the closing, the Company will issue to H.C. Wainwright & Co., LLC (“Wainwright”) or its designees warrants to purchase up to an aggregate of 500,000 shares of Common Stock at an exercise price of \$0.875 per share, which are exercisable immediately upon issuance and have a termination date of February 6, 2031. Additionally, in connection with a note financing conducted by the Company in September 2025, the Company will pay Wainwright a cash fee equal to \$147,777.78 and issue to Wainwright or its designees unregistered warrants to purchase up to an aggregate of 57,058 shares of Common Stock at an exercise price of \$3.2375 per share, which are exercisable immediately upon issuance and have a termination date of February 6, 2031. The net proceeds received by the Company after commissions, fees, legal expenses, and payment of the cash fee to Wainwright, was \$4.1 million.

In February 2026, we made notes payable principal and interest payments of \$4.2 million.

During February and March 2026, we issued 2,449,474 common shares and received proceeds of \$0.8 million on the exercise of 2,449,474 warrants.

Historically, we have financed our operations through existing cash balances, public and private issuance of common stock, term loans, and credit lines from financial institutions.

As of the issuance date of the financial statements included in this Annual Report on Form 10-K, management expects that the Company’s existing cash of \$1.4 million will last until approximately August 2026.

To address funding considerations, management periodically evaluates funding alternatives and may raise additional funds through equity issuances, debt securities, strategic partner arrangements, strategic transactions, or credit from financial institutions. As we seek additional financing, there is no assurance that such financing will be available to us on favorable terms, or at all. Our ability to obtain additional financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, our performance, and investor sentiment regarding us and our industry.

We are also continuing to take actions to improve the Company's operating performance and cash generated from operations, including product optimization, sales growth strategies, operational streamlining, negotiating equitable vendor contracts, and managing product pricing. However, we may be unable to execute these actions in a timely manner, or at all.

If the Company is unable to raise additional capital whenever necessary or otherwise improve its operating performance or generation of cash from operations, it may be forced to decelerate or curtail certain of its operations until such time as additional capital becomes available.

Our consolidated statements of cash flows as discussed herein are presented below.

	Year Ended December 31,	
	2025	2024
Net cash used in operating activities	\$ (6,390,628)	\$ (9,138,555)
Net cash used in investing activities	(19,477)	(977,821)
Net cash provided by financing activities	6,526,573	4,449,110
Net cash increase (decrease) for period	116,468	(5,667,266)
Cash at the beginning of period	533,871	6,201,137
Cash at end of period	<u>\$ 650,339</u>	<u>\$ 533,871</u>

Operating Activities

Cash provided by or used in operating activities primarily consists of net loss, distributions to affiliates, adjustments for certain non-cash items, including amortization of intangible assets, impairment of intangible assets, the fair value of common stock issued for directors, employees, and service providers, and the effect of changes in working capital and other activities.

Cash used in operating activities for the year ended December 31, 2025 was \$6.4 million and consisted of our net loss, distributions to affiliates of \$3.6 million, and adjusted for non-cash items, including impairment of property, plant and equipment, impairment of intangible assets of \$3.9 million, the fair value of common stock issued to executives, directors and consultants, depreciation and amortization, financing costs related to notes issued during the year, amortization of debt discount also related to notes issued, and routine changes in working capital and other activities.

Cash used in operating activities for the year ended December 31, 2024 was approximately \$9.1 million and consisted of our net loss, distributions to affiliates of \$5.8 million, adjusted for non-cash items, including amortization of intangible assets, bargain purchase of an acquisition, depreciation and amortization, and routine changes in working capital and other activities.

Investing Activities

Cash provided by investing activities for the year ended December 31, 2025 was insignificant, which was cash used to purchase equipment.

Cash provided by investing activities for the year ended December 31, 2024 was \$1.0 million, which was comprised of \$0.4 million to purchase property and equipment, and \$0.6 million cash paid for an acquisition, net of cash received.

Financing Activities

Cash provided by financing activities for the year ended December 31, 2025 was \$6.5 million, which was from aggregate proceeds of \$3.5 million on the sale of common stock, net proceeds of \$7.5 million from notes payable, and offset by repayment of our notes payable of \$4.5 million.

Cash provided by financing activities for the year ended December 31, 2024 was \$4.4 million, which was from aggregate proceeds of \$4.4 million on the sale of common stock.

Going Concern

Our consolidated financial statements have been presented on the basis 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. We experienced operating losses and negative operating cash flows during 2025 and 2024. We have financed our working capital requirements through borrowings from various sources and the sale of equity securities.

We have a history of reporting net losses. As of the issuance date of the financial statements included in this Annual Report on Form 10-K, management expects that the Company's existing cash of \$1.4 million will last until August 2026. As a result, management has concluded, and our independent registered public accounting firm has agreed with our conclusion that there is a substantial doubt regarding our ability to continue as a going concern for a period of at least 12 months beyond the filing of this Annual Report on Form 10-K. The report of our independent registered public accounting firm on our financial statements for the year ended December 31, 2025, includes an explanatory paragraph regarding the existence of substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our ability to continue as a going concern depends on our ability to raise additional debt or equity capital to fund our business activities and ultimately achieve sustainable operating revenues and profitability.

As market conditions present uncertainty as to our ability to secure additional funds, there can be no assurances that we will be able to secure additional financing on acceptable terms, as and when necessary, to continue to conduct operations. There is also significant uncertainty as to the amount and type of financing available to us in the future.

If we are unable to secure the cash resources necessary to meet our ongoing cash requirements, we may be required to scale back our business activities or discontinue operations entirely.

Critical Accounting Policies and Estimates

The following discussion and analysis of financial condition and results of operations is based upon the Company's consolidated financial statements for the years ended December 31, 2025 and 2024 presented elsewhere in this report, which have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Certain accounting policies and estimates are particularly important to the understanding of the Company's financial position and results of operations and require the application of significant judgment by management or can be materially affected by changes from period to period in economic factors or conditions that are outside of the Company's control. As a result, these issues are inherently uncertain. In applying these policies, management uses its judgment to select the appropriate assumptions for certain estimates. Those estimates are based on the Company's historical operations, the future business plans and the projected financial results, the terms of existing contracts, trends in the industry, and information available from other outside sources.

Revenue Recognition

Under Topic 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assess whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company also earns revenue through affiliate arrangements. These contracts are evaluated under ASC 606 using the same five-step model. Affiliate revenue is recognized when the Company satisfies its performance obligations under the affiliate agreement, which typically occurs when the affiliate completes a qualifying transaction or when the Company provides agreed-upon services. The transaction price is determined based on the contractual terms with the affiliate, and revenue is recorded in the amount the Company expects to receive.

Revenue is then recognized for the transaction price allocated to each respective performance obligation when (or as) the performance obligation is satisfied. For our products, revenue is generally recognized upon shipment or pickup by the customer. At this stage, the title on the manufactured equipment is transferred to the customer, and the customer is responsible for transportation expenses, insurance, and any transport-related damage to the equipment in transit. We do not have any obligation to deliver beyond the collection warehouse, and it is the customers' contractual responsibility to ensure their goods reach their destination.

In CMS for projects that are considered custom in nature and determined the obligation will be six months to a year or more, the company will recognize revenue as a percentage of completion basis. The percentage of completion method recognizes income as work on a project progresses. The recognition of revenues and profits is generally related to costs incurred in providing the services required under the project.

Refunds and returns, which are minimal, are recorded as a reduction of revenue. Payments received from customers before satisfying the above criteria are recorded as unearned income on the combined balance sheets.

Payments received as deposits for specific purchase orders or future laser equipment sales to customers are recognized as customer deposits and included in liabilities on the balance sheet. Customer deposits are recognized as revenue when control over the ordered equipment is transferred to the customer.

All revenues are reported net of any sales discounts or taxes.

Other Revenue Recognition Matters related to Distributors

Distributors generally have no right to return unsold equipment. However, in limited circumstances, if the Company determines that distributor stock is aging beyond the Company's new model releases, it may accept returns and provide the distributor with credit against their trading account at the Company's discretion under its warranty policy. This revenue is recognized on a consignment basis and transfer of control is when an item is sold to end customer at which time the Company recognizes revenue.

Share-Based Compensation

The Company periodically issues share-based awards to employees, non-employees, and consultants for services rendered. Stock options vest and expire according to the terms established at the grant's issuance date. Stock grants are measured at the grant date fair value. Stock-based compensation cost is measured at fair value on the grant date and is generally recognized as an expense in the statement of operations ratably over the requisite service period or vesting period. Recognition of compensation expense for non-employees occurs in the same period and in the same manner as if the Company had paid cash for the services.

Recent Accounting Pronouncements

See discussion of recent accounting pronouncements in Note 1 to the accompanying financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have not utilized any derivative financial instruments such as futures contracts, options and swaps, forward foreign exchange contracts or interest rate swaps and futures. We believe that adequate controls are in place to monitor any hedging activities. We do not have any borrowings and, consequently, we are not affected by changes in market interest rates. We do not currently have any sales or own assets and operate facilities in countries outside the United States and, consequently, we are not affected by foreign currency fluctuations or exchange rate changes. Overall, we believe that our exposure to interest rate risk and foreign currency exchange rate changes is not material to our financial condition or results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**INDEX TO FINANCIAL STATEMENTS**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Laser Photonics Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Laser Photonics Corporation and subsidiaries (the “Company”) as of December 31, 2025, the related consolidated statements of operations, stockholders’ equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements of Company as of and for the year ended December 31, 2024 were audited by other auditors whose report dated June 24, 2025, expressed an unqualified opinion on those statements.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has a history of reporting net losses and negative cash flows from operations and had a negative net working capital position of \$7,344,637 as of December 31, 2025. These factors raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

We have served as the Company’s auditor since 2025.

/s/ Weinberg & Company, P.A.
Los Angeles, California
April 20, 2026

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Laser Photonics Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Laser Photonics Corporation (the Company) as of December 31, 2024, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year-ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its consolidated operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has not earned sufficient revenue since inception and has sustained operating losses during the year ended December 31, 2024, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are discussed in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audits matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Evaluation of Intangible Assets

As discussed in Note 2 and 8 to the consolidated financial statements, the Company acquired an entity during 2024 accounted for as business combinations, which required assets and liabilities assumed to be measured at their acquisition date fair values. Additionally, the Company has other intangible assets from previous years activities. At each reporting period, certain intangible assets are required to be assessed annually for impairment based on the facts and circumstances at that time. Auditing management's evaluation of

intangible assets can be a significant judgment given the fact that the Company uses management estimates on future revenues and expenses which are not easily able to be substantiated.

Given these factors and due to significant judgements made by management, the related audit effort in evaluating management's judgments in evaluation of intangible assets required a high degree of auditor judgment.

The procedures performed included evaluation of the methods and assumptions used by the Company, tests of the data used and an evaluation of the findings. We evaluated and tested the Company's significant judgments that determine the valuation of and impairment evaluation of intangible assets.

/s/ M&K CPAS, PLLC

www.mkacpas.com

We have served as the Company's auditor since 2024.

The Woodlands, Texas

June 24, 2025

LASER PHOTONICS CORPORATION
CONSOLIDATED BALANCE SHEETS
As of December 31, 2025 and 2024

	<u>As of</u> <u>December 31, 2025</u>	<u>As of</u> <u>December 31, 2024</u>
ASSETS		
Current Assets		
Cash	\$ 650,339	\$ 533,871
Accounts receivable, net of allowance for expected credit losses of \$0 and \$285,486, respectively	547,848	973,605
Contract assets	258,037	759,658
Inventories, net of reserves of \$503,835 and \$776,638, respectively	1,287,127	2,338,759
Deferred financing costs	125,000	-
Prepaid expenses and other current assets	120,825	58,567
Total Current Assets	<u>2,989,176</u>	<u>4,664,460</u>
Property, plant, and equipment, net	1,125,194	1,872,034
Intangible assets, net	922,701	5,458,522
Right-of-use assets	4,110,531	4,840,753
Other long-term assets	302,000	316,378
TOTAL ASSETS	<u>\$ 9,449,602</u>	<u>\$ 17,152,147</u>
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities		
Accounts payable	\$ 1,595,333	\$ 531,268
Accounts payable – related party	349,461	27,988
Accrued expenses	918,328	266,717
Deferred revenue	1,157,128	55,383
Contract liabilities	1,205,007	1,042,090
Notes payable – (\$3,212,500 past due)	3,804,610	-
Notes payable – related party – past due	751,000	-
Lease liability, current	214,044	649,989
Derivative liability	338,902	-
Total Current Liabilities	<u>10,333,813</u>	<u>2,573,435</u>
Lease liability, non-current	4,152,375	4,366,419
Total Liabilities	<u>14,486,188</u>	<u>6,939,854</u>
Commitments and Contingencies (Note 9)		
Stockholders' (Deficit) Equity		
Preferred shares Par value \$0.001: 10,000,000 shares authorized, no shares were issued and outstanding at December 31, 2025 and 2024, respectively	-	-
Common Shares Par Value \$0.001: 100,000,000 shares authorized; 22,852,753 and 14,282,395 issued, and 22,845,345 and 14,257,458 outstanding, at December 31, 2025 and 2024, respectively	22,853	14,257
Treasury shares (7,378 and 24,397 shares, respectively)	(10,003)	(33,810)
Additional paid in capital	20,160,923	17,886,159
Shares to be issued	-	100,000
Accumulated deficit	(25,210,359)	(7,754,313)
Total Stockholders' (Deficit) Equity	<u>(5,036,586)</u>	<u>10,212,293</u>
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	<u>\$ 9,449,602</u>	<u>\$ 17,152,147</u>

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

LASER PHOTONICS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2025 and 2024

	Year Ending December 31,	
	2025	2024
Net sales	\$ 7,921,919	\$ 3,367,681
Net sales – related party	420,089	47,515
Total Net Sales	8,342,008	3,415,196
Cost of Sales	7,139,754	3,000,202
Gross Profit	1,202,254	414,994
Operating expenses:		
Sales and marketing	1,784,659	1,779,966
General and administrative	8,057,013	3,586,816
Research and development	513,563	578,886
Impairment of property, plant and equipment	236,717	-
Impairment of intangible assets	3,902,378	932,669
Total Operating Expenses	14,494,330	6,878,337
Operating Loss	(13,292,076)	(6,463,343)
Other income (expenses):		
Financing costs – additional notes principal added on default	(738,889)	-
Interest expense, net	(3,649,808)	-
Change in fair value of derivative liability	313,892	-
Bargain purchase of acquisition	-	3,857,999
Other income (expense), net	(89,165)	86,517
Total other income (expenses), net	(4,163,970)	3,944,516
Net Loss	\$ (17,456,046)	\$ (2,518,827)
Deemed dividend from software acquisition	-	(6,615,000)
Deemed dividend on common control acquisition	(8,789,754)	
Deemed dividend on cashless exercise of warrants	(6,312,970)	
Loss Attributed to Common Shareholders	\$ (32,558,770)	\$ (9,133,827)
Loss per share – basic and diluted	\$ (1.02)	\$ (0.22)
Loss per share (attributable to common shareholders)	\$ (1.90)	\$ (0.79)
Weighted average shares outstanding – basic and diluted	17,113,914	11,631,999

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

LASER PHOTONICS CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2025 and 2024

	Preferred Stock		Common Stock		Shares to be issued		Treasury Stock	APIC	Accumulated Deficit	Stockholders Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, December 31, 2023	-	\$ -	9,253,419	\$ 9,253	-	-	\$ (25,240)	\$19,180,725	\$ (5,235,486)	\$ 13,929,252
Common shares issued for officer compensation	-	-	17,008	17	-	-	-	33,319	-	33,336
Common shares issued for license agreement	-	-	3,000,000	3,000	-	-	-	6,612,000	-	6,615,000
Common shares issued for cash for under Securities Purchase Agreement	-	-	1,500,000	1,500	-	-	-	2,650,850	-	2,652,350
Common shares issued for cashless exercise of warrants	-	-	61,968	62	-	-	-	(62)	-	-
Common shares issued on exercise of warrants	-	-	450,000	450	-	-	-	1,796,310	-	1,796,760
Common shares issued for acquisition	-	-	-	-	18,692	100,000	-	-	-	100,000
Treasury stock adjustment	-	-	(24,937)	(25)	-	-	(8,570)	8,595	-	-
Deemed dividend	-	-	-	-	-	-	-	(6,615,000)	-	(6,615,000)
Distribution to affiliate	-	-	-	-	-	-	-	(5,780,578)	-	(5,780,578)
Net loss	-	-	-	-	-	-	-	-	(2,518,827)	(2,518,827)

**Balance,
December
31, 2024**

- \$	-	14,257,458	\$ 14,257	18,692	\$ 100,000	\$ (33,810)	\$17,886,159	\$ (7,754,313)	\$ 10,212,293
Common shares issued for officers and directors' compensation	-	-	435,000	435	-	-	-	1,578,616	1,579,051
Common shares issued for services	-	-	292,519	293	-	-	-	755,607	755,900
Common shares issued for cash for under Securities Purchase Agreement	-	-	1,098,902	1,099	-	-	-	3,486,254	3,487,353
Common shares issued for common control acquisition	-	-	3,000,000	3,000	-	-	-	8,397,000	8,400,000
Common shares issued for consideration of promissory note	-	-	418,000	418	-	-	-	(418)	-
Common shares issued on cashless exercise of warrants	-	-	3,307,215	3,307	-	-	-	6,320,389	6,323,696
Deemed dividend for cashless exercise of warrants	-	-	-	-	-	-	-	(6,312,971)	(6,312,971)
Common shares issued on sale of treasury shares	-	-	17,559	-	-	-	23,807	20,428	44,235
Common shares issued for common shares issuable	-	-	18,692	19	(18,692)	(100,000)	-	99,981	-

Adjustment of common stock	-	-	-	25	-	-	-	(25)	-	
Warrant redemption	-	-	-	-	-	-	-	(362,500)	(362,500)	
Deemed dividend for common control acquisition	-	-	-	-	-	-	-	(8,789,754)	(8,789,754)	
Distribution to affiliate	-	-	-	-	-	-	-	(2,917,843)	(2,917,843)	
Net loss	-	-	-	-	-	-	-	(17,456,046)	(17,456,046)	
Balance, December 31, 2025	-	\$ -	22,845,345	\$ 22,853	-	-	\$ (10,003)	\$ 20,160,923	\$ (25,210,359)	\$ (5,036,586)

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

LASER PHOTONICS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended on December 31,	
	2025	2024
<i>Cash Flows from Operating Activities</i>		
Net Loss	\$ (17,456,046)	\$ (2,518,827)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Bargain purchase of acquisition	-	(3,857,999)
Change in allowance for expected credit losses	(285,486)	285,486
Change in inventory reserve	(272,803)	-
Depreciation and amortization	1,110,503	972,135
Debt discount amortization	869,236	-
Financing costs for the additional note principal on default	738,889	-
Financing costs from the issuance of notes payable	242,794	-
Shares issued for compensation	1,579,050	33,336
Shares issued for services	755,900	-
Distribution to affiliate	(3,552,695)	(5,780,578)
Impairment of property, plant, and equipment	236,717	-
Impairment of intangible assets	3,902,379	932,669
Right-of-use assets	730,222	448,160
Change in fair value of derivative liability	(313,892)	-
<i>Change in Operating Assets & Liabilities:</i>		
Accounts receivable	711,243	176,066
Contract assets	501,621	(759,658)
Inventory	1,632,798	329,100
Deferred financing costs	(125,000)	-
Prepaid expenses and other current assets	(62,259)	14,905
Other long-term assets	14,378	(316,378)
Accounts payable	1,064,065	334,406
Accounts payable – related party	321,473	-
Accrued expenses	651,611	56,969
Deferred revenue	1,101,745	(157,931)
Contract liabilities	162,917	942,090
Lease liability	(649,988)	(272,506)
Net cash used in operating activities	(6,390,628)	(9,138,555)
<i>Cash Flows from Investing Activities</i>		
Purchase of property and equipment	(19,477)	(352,821)
Cash paid for acquisition, net of cash received	-	(625,000)
Net cash used in investing activities	(19,477)	(977,821)
<i>Cash Flows from Financing Activities</i>		
Proceeds from note payable, net of original issuance discount	6,729,226	-
Repayment of notes payable	(4,485,241)	-
Proceeds from note payable – related party	751,000	-
Proceeds from the sale of treasury stock	44,235	-
Proceeds from the sale of common shares	3,487,353	4,449,110
Net cash provided by financing activities	6,526,573	4,449,110
Net increase (decrease) in cash flow for period	116,468	(5,667,266)
Cash - beginning of period	533,871	6,201,137
Cash end of period	<u>\$ 650,339</u>	<u>\$ 533,871</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

Cash paid for income taxes	\$	-	\$	-
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SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Recording of Right-of-Use property lease	\$		\$	4,755,728
Shares issued for commons shares issuable	\$	100,000	\$	-
Inventory transferred to property, plant and equipment	\$	-	\$	507,931
Property, plant and equipment transferred to inventory	\$	70,309	\$	-
Promissory note to extinguish warrants	\$	362,500	\$	-
Fair value of common stock issued upon cashless exercise of warrant	\$	6,323,696	\$	62
Fair value of warrants accounted as a derivative liability	\$	652,794	\$	-
Fair value of common stock issued upon acquisition of entity under common control	\$	8,400,000	\$	-
Assets acquired from common controlled entity	\$	255,824	\$	-
Shares issued for license agreement	\$	-	\$	6,615,000
Treasury stock adjustment	\$	-	\$	(8,570)

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

LASER PHOTONICS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2025 and 2024

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Laser Photonics Corporation (the “Company”) was formed under the laws of Wyoming on November 8, 2019, and changed its domicile to Delaware on March 5, 2020. The Company, located in central Florida, is a vertically integrated manufacturing company for photonics-based industrial products and solutions, primarily disruptive laser cleaning technologies.

Going Concern

The accompanying financial statements have been prepared under the assumption that the Company will continue as a going concern. In accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 205-40, *Going Concern*, the Company’s management has evaluated whether there are conditions or events that raise substantial doubt about its ability to continue as a going concern within one year after the date the accompanying financial statements were issued. The Company has a history of reporting net losses and negative operating cash flows and had a negative net working capital position of \$7,344,637 as of December 31, 2025. These factors raise substantial doubt about the Company’s ability to continue as a going concern within one year of the date that the financial statements are issued. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Company’s ability to continue as a going concern depends on its ability to raise additional debt or equity capital to fund its business activities and ultimately achieve sustainable operating revenues and profitability. The Company has financed its working capital requirements through borrowings from various sources and the sale of its equity securities.

As market conditions present uncertainty regarding the Company’s ability to secure additional funds, there can be no assurance that the Company will be able to secure additional financing on acceptable terms, as and when necessary, to continue operations. If the Company is unable to obtain the cash resources necessary to satisfy the Company’s ongoing cash requirements, the Company could be required to scale back its business activities or to discontinue its operations entirely.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the financial statements of the Company’s wholly owned operating subsidiary, Control Micro Systems, Inc. (“CMS”). Intercompany balances and transactions have been eliminated in consolidation.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at dates of the financial statements and the reported amounts of revenue and expenses during the periods. Estimates and assumptions include business combinations, valuation of intangibles, valuation of derivative liabilities, revenue recognition, inventory valuation, depreciable lives assessment, valuation of stock-based compensation, and the valuation allowance relating to the Company’s deferred tax assets. Actual results could differ from these estimates.

Accounts Receivable

Trade accounts receivable are recorded net of allowance for expected credit losses. The Company extends credit to its customers in the normal course of business and performs on-going credit evaluations of its customers. The allowance is based upon an estimate of expected credit losses over the life of outstanding receivables and involves an assessment of customer creditworthiness, historical payment experience, an assumption of future expected credit losses, and the age of outstanding receivables. As of December 31, 2025 and 2024, the Company's allowance for expected credit losses was \$0 and \$285,486, respectively.

Inventories

Inventories consist of component parts, work in process, and finished goods that are available for sale. Inventories are valued at net realizable value, with cost determined on a first-in, first-out basis. The Company includes certain general and administrative (G&A) costs in the cost of inventory, as these costs are considered to be related to production activities. The amount of G&A costs remaining in inventory at December 31, 2025 and 2024 was \$0 and \$103,118, respectively. Adjustments, if required, reduce inventory to its net realizable value, reflecting estimated excess, obsolescence, or impairment balances. Factors influencing these adjustments include changes in customer demand, rapid technological changes, and merchant bankruptcy. As of December 31, 2025, and 2024, the Company recorded a provision for inventories of \$503,835 and \$776,638, respectively.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The Company provides for depreciation, as follows:

Description	Estimated Useful Life
Machinery and equipment	5-7 years
Sales demonstration units	7 years
Office furniture and computer equipment	3-5 years
Vehicles	2 years
Leasehold improvements	Shorter of the estimated useful life or the lease term

Expenditures for additions and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repair costs are charged to expense as incurred.

Business Combinations

The Company allocates the fair value of the purchase consideration to the tangible assets acquired, the liabilities assumed, and the separately identifiable intangible assets acquired, based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, particularly regarding intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired technology, trademarks, and trade names, useful lives, and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable, and, as a result, actual results may differ from estimates. During the measurement period, which can be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in the consolidated statements of operations.

Intangible Assets

The Company has certain intangible assets that were initially recorded at their fair value at the time of acquisition. The finite-lived intangible assets consist of customer relationships, trade name, and developed technology. Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful life of three years.

The Company reviews all finite-lived intangible assets for impairment when circumstances indicate that their carrying values may not be recoverable. If the carrying value of an asset group is not recoverable, the Company recognizes an impairment loss for the excess carrying value over the fair value in our consolidated statements of operations. During the year ended December 31, 2025 and 2024, the Company recognized an impairment of \$3,902,378 and \$932,669, respectively, related to its intangible assets.

Long-Lived Assets

The Company evaluates long-lived assets, other than goodwill and indefinite-lived intangible assets, for impairment whenever events or changes in circumstances (“triggering events”) indicate that their net book value may not be recoverable. The measurement of possible impairment is based upon the ability to recover the carrying value of the asset through the expected future undiscounted cash flows from the use of the asset and its eventual disposition. An impairment loss, equal to the difference between the asset’s fair value and its carrying value, is recognized when the estimated future undiscounted cash flows are less than its carrying amount. No impairment indicators were identified as of December 31, 2024. During the year ended December 31, 2025, the Company recognized an impairment of \$236,717 related to the Company’s property, plant, and equipment.

Leases

The Company leases certain corporate office space under lease agreements. The Company determines whether a contract contains a lease at contract inception. A contract is a lease if it conveys the right to control the use of the identified asset for a period in exchange for consideration. Control is determined based on the right to obtain all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. Operating lease right-of-use assets (“ROU”) represent the right to use an underlying asset for the lease term, and operating lease liabilities represent the obligation to make lease payments. Lease liabilities are recognized at the present value of the future minimum lease payments over the lease term at the commencement date. Operating lease expense is recognized on a straight-line basis over the lease term and is included in the general and administrative line in the Company’s consolidated statements of operations.

Revenue Recognition

Under Topic 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assess whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company also earns revenue through affiliate arrangements. These contracts are evaluated under ASC 606 using the same five-step model. Affiliate revenue is recognized when the Company satisfies its performance obligations under the affiliate agreement, which typically occurs when the affiliate completes a qualifying transaction or when the Company provides agreed-upon services. The transaction price is determined based on the contractual terms with the affiliate, and revenue is recorded in the amount the Company expects to receive.

Revenue is then recognized for the transaction price allocated to each respective performance obligation when (or as) the performance obligation is satisfied. For our products, revenue is generally recognized upon shipment or pickup by the customer. At this stage, the title on the manufactured equipment is transferred to the customer, and the customer is responsible for transportation expenses, insurance, and any transport-related damage to the equipment in transit. We do not have any obligation to deliver beyond the collection warehouse, and it is the customers’ contractual responsibility to ensure their goods reach their destination.

In CMS for projects that are considered custom in nature and determined the obligation will be six months to a year or more, the company recognizes revenue as a percentage of completion basis. The percentage of completion method recognizes income as work on a project progresses. The recognition of revenues and profits is generally related to costs incurred in providing the services required under the project.

Revenue from contracts with customers recognized for the year ended December 31, 2025 and 2024 consists of the following:

	Year Ended December 31,	
	2025	2024
Point in time	\$ 5,987,932	\$ 3,134,900
Over time	2,354,076	280,296

Total	<u>\$ 8,342,008</u>	<u>\$ 3,415,196</u>
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Revenue from domestic and international customers for the year ended December 31, 2025 and 2024 consists of the following:

	Year Ended December 31,	
	2025	2024
Domestic	\$ 6,752,795	\$ 2,309,012
International	1,589,213	1,106,184
Total	<u>\$ 8,342,008</u>	<u>\$ 3,415,196</u>

Refunds and returns, which are minimal, are recorded as a reduction of revenue. Payments received from customers before satisfying the above criteria are recorded as unearned income on the combined balance sheets.

Payments received as deposits for specific purchase orders or future laser equipment sales to customers are recognized as customer deposits and included in liabilities on the balance sheet. Customer deposits are recognized as revenue when control over the ordered equipment is transferred to the customer.

All revenues are reported net of any sales discounts or taxes.

Other Revenue Recognition Matters related to Distributors

Distributors generally have no right to return unsold equipment. However, in limited circumstances, if the Company determines that distributor stock is aging beyond the Company's new model releases, it may accept returns and provide the distributor with credit against their trading account at the Company's discretion under its warranty policy. This revenue is recognized on a consignment basis, and transfer of control occurs when an item is sold to an end customer, at which time the Company recognizes revenue.

Contract Assets and Liabilities

Given the nature of the revenue recognition process, the Company generates contract liabilities to the extent that a customer pays on project progress before the company fulfills its performance obligations under a contract or contract assets to the extent that the Company has earned by satisfying performance obligations but has not yet billed the customer. Contract assets represent a right to receive payment in the future once certain conditions are met per the terms of the contract. Contract assets were \$258,037 and \$759,658 as of December 31, 2025 and 2024, respectively, and contract liabilities were \$1,205,007 and \$1,042,090 as of December 31, 2025 and 2024, respectively. Revenue recognized in 2025 related to the contract liability balance as of December 31, 2024 was \$835,929.

Shipping and Handling

The Company classifies all amounts billed to customers for shipping and handling as a component of net sales. Shipping and handling costs are classified as a component of selling, general and administrative expenses. The Company has elected to account for shipping and handling activities that occur after a customer obtains control of a product as a fulfillment activity rather than a separate performance obligation. These costs are accrued at the time the related revenue is recognized.

Product Warranty and Support

The Company generally offers its equipment for sale with a two-year limited warranty for defects in materials and workmanship under normal use and service conditions following delivery of the equipment to our customers.

The Company also warrants the owners of our custom laser systems that are designed and manufactured in accordance with agreed-upon specifications. In resolving claims under both the defects and performance warranties, the Company may repair or replace the covered laser cleaning equipment. Our warranties are automatically transferred from the original purchaser of our laser cleaning equipment and optical components to subsequent purchasers upon delivery of our finished laser systems.

In general, the Company's products carry a warranty against defects, depending on the product type and the terms of customer negotiations. The amount of warranty expenses incurred during the years ended December 31, 2025 and 2024 was de minimis.

Income Taxes

The Company uses an asset and liability approach for accounting and reporting for income taxes that allows recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense.

Advertising

Advertising expense are expensed in the period in which they are incurred and included as a component of sales and marketing expenses. During the year ended December 31, 2025 and 2024, advertising costs were \$204,761 and \$206,888, respectively.

Share-Based Compensation

The Company periodically issues share-based awards to employees, non-employees, and consultants for services rendered. Stock options vest and expire according to the terms established at the grant's issuance date. Stock grants are measured at the grant date fair value. Stock-based compensation cost is measured at fair value on the grant date and is generally recognized as an expense in the statement of operations ratably over the requisite service period or vesting period. Recognition of compensation expense for non-employees occurs in the same period and in the same manner as if the Company had paid cash for the services.

The Company values its equity awards using the Black-Scholes option-pricing model, and accounts for forfeitures when they occur. Use of the Black-Scholes option pricing model requires the input of subjective assumptions, including expected volatility, expected term, and a risk-free interest rate. The expected volatility is based on the historical volatility of the Company's common stock, calculated utilizing a look-back period approximately equal to the contractual life of the stock option being granted. The expected life of the stock option is calculated as the mid-point between the vesting period and the contractual term (the "simplified method"). The risk-free interest rate is estimated using comparable published federal funds rates.

Research & Development Costs

Research and development costs are expensed in the period in which they are incurred.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares issued and outstanding during the period. Diluted earnings (loss) per share is computed using the weighted average number of common shares and the dilutive effect of contingent shares outstanding during the period. Potentially dilutive contingent shares, which primarily consist of convertible notes and stock issuable upon the exercise of stock options and warrants, have been excluded from the calculation of diluted loss per share because their effect is anti-dilutive.

Loss per common share is computed by dividing net loss by the weighted average number of shares of common stock issued and outstanding during the respective periods. Basic and diluted loss per common share was the same for all periods presented because all convertible notes and stock issuable upon the exercise of stock options and warrants outstanding were anti-dilutive.

At December 31, 2025 and 2024, the Company excluded the outstanding securities summarized below, which entitle the holders thereof to acquire shares of common stock, from its calculation of earnings per share, as their effect would have been anti-dilutive.

	December 31,	
	2025	2024
Warrants	2,431,985	1,050,000
Total	2,431,985	1,050,000

The issuable and potentially issuable shares as summarized above. These potentially issuable common shares would have been anti-dilutive because the Company had a net loss for the period ended December 31, 2025 and 2024, as such common stock equivalents were excluded from the calculation of net loss per share.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

The Company uses Level 3 inputs for its valuation methodology for the derivative liabilities as their fair values were determined by using a Binomial pricing model. The Company's derivative liabilities are adjusted to reflect fair value at each reporting date, with any increase or decrease in the fair value being recorded in the statement of operations.

To determine the number of authorized but unissued shares available to satisfy outstanding convertible securities, the Company uses a sequencing method to prioritize its convertible securities as prescribed by ASC 815-40-35, *Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40-35)*. At each reporting date, the Company reviews its convertible securities to determine their classification is appropriate.

Fair Value of Financial Instruments

Fair value of financial and non-financial assets and liabilities is defined as an exit price, which is the price 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. The three-tier hierarchy for inputs used to measure fair value, which prioritizes the inputs to valuation techniques used to measure fair value, is as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 – unobservable inputs based on the Company’s assumptions used to measure assets and liabilities at fair value.

A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The carrying value of the Company's financial instruments (consisting of cash, accounts receivables, contract assets and liabilities, inventories, deferred financing costs, other current assets, accounts payable, accrued expenses, notes payable, deferred revenues, and other liabilities) is considered to be representative of their respective fair values due to the short-term nature of those instruments.

Concentrations

Cash. The Company's cash balances on deposit with banks are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Generally, the Company's policy is to minimize borrowing costs by immediately applying cash receipts to borrowings against its credit facility. From time to time, however, the Company may be exposed to risk for the amounts of funds held in bank accounts in excess of the FDIC limit; such amounts in excess of the FDIC limit were \$388,923 and \$45,723, as of December 31, 2025 and 2024, respectively. To minimize the risk, the Company's policy is to maintain cash balances with high quality financial institutions.

Net Revenue. During the year ended December 31, 2025, one customer accounted for 6% of net sales. During the year ended December 31, 2024, one customer accounted for 8% of net sales.

Accounts receivable. As of December 31, 2025, the Company had accounts receivable from three customers which comprised 31%, 22% and 13% of its gross accounts receivable, respectively. As of December 31, 2024, the Company had accounts receivable from two customers which comprised 17% and 14% of its gross accounts receivable, respectively.

Purchases from vendors. During the year ended December 31, 2025, one vendor accounted for approximately 7% of all purchases. During the year ended December 31, 2024, no vendor accounted for more than 10% of all purchases.

Accounts payable. As of December 31, 2025, one vendor accounted for 10% of total accounts payable. As of December 31, 2024, no vendor accounted for more than 10% of total accounts payable.

Segment Information

The Company's Chief Executive Officer is our chief operating decision maker and evaluates performance and makes operating decisions regarding resource allocation based on financial data presented on a consolidated basis. Because our chief operating decision maker evaluates financial performance on a consolidated basis, the Company has determined that it operates as a single reportable segment, comprising the consolidated financial results of Laser Photonics Corporation.

Reclassifications

Certain prior year amounts have been reclassified to align with the current-period presentation.

Recent Accounting Pronouncements

In November 2024, the FASB issued Accounting Standards Update (ASU) No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* which includes amendments that require disclosure in the notes to financial statements of specified information about certain costs and expenses, including purchases of inventory; employee compensation; and depreciation, amortization and depletion expenses for each caption on the income statement where such expenses are included. The amendments are effective for the Company's annual periods beginning January 1, 2027, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is evaluating this ASU to determine its impact on the Company's disclosures.

Other recent accounting pronouncements issued by the FASB, its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 2. ACQUISITIONS

On October 30, 2024, we acquired CMS, a laser company located in Orlando, Florida, that designs and builds turnkey laser material processing systems for marking, cutting, drilling and welding. CMS allows us to expand into the pharmaceutical market for controlled-release medications that are expanding rapidly, driven by the growing need for more effective delivery systems.

The Company paid \$950,000 in cash and \$100,000 in common stock to the previous owner. CMS was a distressed company that was in federal bankruptcy court beginning in March 2024. Through the courts, the Company acquired CMS below the value of the assets, free and clear of prior liabilities.

The Company contracted a third-party expert to assist management in determining the fair value of certain identified intangible assets as well as the fair values of property, plant, and equipment acquired. Based on the valuations performed and management's allocation of the purchase price to the fair value of assets acquired and liabilities assumed, the fair value of the net assets exceeded the purchase price, resulting in a gain of \$3,857,999 during the year ended December 31, 2024.

Fair value of consideration:

Cash	\$	950,000
Common stock (100,000 shares of common stock at \$1.00 per share)		100,000
Total purchase price	\$	<u>1,050,000</u>

Allocation of the consideration to the fair value of assets acquired and liabilities assumed:

Cash	\$	324,918
Accounts receivable		618,794
Inventories		938,335
Prepays expenses		34,279
Property, plant and equipment		672,082
Accrued expenses		(48,206)
Deferred revenue		(100,203)
Net tangible assets		<u>2,439,999</u>
Intangible assets:		
Developed technology		42,000
Trade name		570,000
Customer relationships		<u>1,856,000</u>
Net identifiable intangible assets		2,468,000
Bargain purchase gain		(3,857,999)
Purchase price of net asset acquired	\$	<u>1,050,000</u>

The following unaudited pro forma statement of operations presents the Company's pro forma results of operations after giving effect to the purchase of CMS based on the historical financial statements of the Company and CMS. The unaudited pro forma statement of operations for the twelve months ended December 31, 2024, gives effect to the transaction as if it had occurred on January 1, 2024.

	Year Ended
	December 31, 2024
	(Proforma, unaudited)
Sales	\$ 8,509,232
Net loss	\$ (3,492,199)
Net loss per share	\$ (0.30)

NOTE 3. ASSET ACQUISITION FROM COMMON CONTROLLED ENTITY

On March 31, 2025, ICT Investments, LLC ("ICT"), an affiliated company under common control, acquired inventories and machinery and equipment from ARCH Cutting Tools – Flushing, LLC ("ARCH"), related to their Beamer Laser Marking Systems ("Beamer") product line, for total cash consideration of \$255,824. The transaction was accounted for as an asset acquisition rather than a business combination, as the assets acquired did not meet the definition of a business. The purchase price was allocated to the acquired assets based on their relative cost, which resulted in recording of \$238,054 of inventories and \$17,770 of machinery and equipment, as of the date of acquisition.

The purchased assets were subsequently transferred to Fonon Quantum Technologies, Inc. ("FQTI"), an affiliate of both ICT and the Company.

On August 5, 2025, the Company entered into an Asset Purchase Agreement with FQTI, to acquire the Beamer assets. Under the terms of the Asset Purchase Agreement, the Company issued 3,000,000 restricted shares of its common stock with a fair value of \$8,434,322 (valued at \$2.80 per share as of the close of market on August 5, 2025), as payment for the assets acquired of \$255,824, resulting in a deemed dividend of \$8,835,228 for the year ended December 31, 2025.

Because the transaction was between entities under common control (ICT controls both the Company and FQTI), the acquisition was accounted for in accordance with ASC 805-50, *Transactions Between Entities Under Common Control*. The Company accounted for the asset purchase as if it had acquired the Beamer assets from ARCH on March 31, 2025. The Company recorded net sales and cost of goods sold of \$645,578 and \$106,350, respectively, representing the net sales and cost of goods sold realized by FQTI during the period March 31, 2025 through August 5, 2025. Furthermore, the sales were recognized as distributions to affiliates in the accompanying statement of stockholders' equity (deficit). The Beamer assets are recognized at their historical carrying amounts rather than at fair value as of March 31, 2025, and no goodwill was recorded. Comparative prior-period financial statements were not restated.

Total Assets, Liabilities and Common Stock acquired for Common Control:

Assets		
Inventory	\$	238,054
Property, plant and equipment		17,770
Stockholder Equity		
Stockholder Equity (3,000,000 common shares at \$2.80 per share)		(8,400,000)
Deemed Dividend for Common Control Acquisition (From Equity Consideration)	\$	(8,144,176)
Net sales realized by FQTI recognized as distributions to affiliates		645,578
Total Deemed Dividend Recognized in Stockholders' Equity (Deficit)	\$	(8,789,754)

NOTE 4. INVENTORY

Inventory is comprised of the following:

	December 31, 2025	December 31, 2024
Equipment parts	\$ 1,098,427	\$ 1,731,102
Finished goods	460,676	740,046
Work in progress	193,498	644,249
Consignment	38,361	-

Total inventory, gross	<u>1,790,962</u>	<u>3,115,397</u>
Inventory reserve	<u>(503,835)</u>	<u>(776,638)</u>
Total inventory, net	<u>\$ 1,287,127</u>	<u>\$ 2,338,759</u>

During the year ended December 31, 2024, the Company incurred \$776,638 of inventory charges related to inventory obsolescence, and \$507,931 of demonstration inventory was reclassified to property, plant, and equipment. As of December 31, 2025 and 2024, the Company recorded an inventory reserve of \$503,835 and \$776,638, respectively.

During the year ended December 31, 2025, \$70,309 of sales demonstration units was reclassified from property, plant and equipment to inventory.

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Machinery and equipment	\$ 2,000,867	\$ 2,502,254
Sales demonstration units	1,040,545	1,155,721
Office furniture and computer equipment	389,257	352,158
Vehicles	112,276	117,894
Leasehold improvements	268,565	257,558
Total cost	<u>3,811,510</u>	<u>4,385,585</u>
Accumulated depreciation	<u>(2,686,316)</u>	<u>(2,513,551)</u>
Property, plant and equipment, net	<u>\$ 1,125,194</u>	<u>\$ 1,872,034</u>

Depreciation expense for the years ended December 31, 2025, and 2024 was \$423,098 and \$480,880, respectively.

During the year ended December 31, 2025, \$236,717 of sales demonstration units was deemed impaired and recorded as an impairment expense.

During the year ended December 31, 2024, \$507,931 of sales demonstration units was reclassified from inventory to property, plant, and equipment.

NOTE 6. INTANGIBLE ASSETS

Intangible assets consist of the following:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Intangible Assets		
Equipment design documentation	\$ -	\$ 1,955,787
Operational software and website	260,000	286,227
Trademarks	662,701	733,633
License and patents	-	2,482,875
Intangible assets, net	<u>\$ 922,701</u>	<u>\$ 5,458,522</u>

During the year ended December 31, 2024, the Company recognized intangible assets of \$2,468,000 in relation to the acquisition of CMS (See Note 2), recorded an impairment expense of \$932,669, and recorded amortization expense of \$400,605, leaving a remaining intangible asset balance of \$5,458,522 at December 31, 2024. During the year ended December 31, 2025, the Company recognized an impairment expense of \$3,902,378, and recorded amortization expense of \$633,442, leaving a remaining intangible asset balance of \$922,701 as of December 31, 2025.

Identifiable intangibles are amortized over their estimated remaining useful lives, which are as follows:

<u>Description</u>	<u>Weighted Average Useful Life (in years)</u>
Operational software and website	10
Trademarks	10
Tradenames	Indefinite

Estimated amortization expense for the Company is as follows:

2026	\$ 93,974
2027	93,412
2028	93,412
2029	93,412
2030 and thereafter	548,491
	<u>\$ 922,701</u>

NOTE 7. NOTES PAYABLE

Notes payable consist of the following at December 31, 2025:

	December 31, 2025
District 2 Capital Fundor – past due	\$ 362,500
Agile Capital Funding and Agile Lending	613,985
NPA Note Holders – in default	2,850,000
Debt discount	(21,875)
Total principal balance	<u>3,804,610</u>
Accrued interest (included in accrued expenses)	<u>177,243</u>
Total principal and accrued interest	<u>3,981,853</u>
Less current portion	<u>(3,981,853)</u>
Non-current portion	<u>\$ -</u>

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District 2 Capital Fundor

On May 6, 2025, the Company issued a Promissory Note (this “Note”) in favor of District 2 Capital Fundor. The Company promises to pay to the order of District 2 Capital Fundor not later than six months from date of the Note, the principal amount of \$362,500, . This Note was issued in connection with extinguishment of Holder’s outstanding warrant dated August 19, 2024 (125,000 warrants). As of December 31, 2025, the Note reflects an outstanding principal balance of \$362,500 and accrued interest of \$19,618 and was past due (see Note 15).

Agile Capital Funding and Agile Lending

During the year ended December 31, 2025, the Company entered into three separate business loan and security agreements (the “Term Loans”) with a lender for short-term loans to be provided by the lender, or the lender’s assignees (collectively, the “Lenders”) and mature seven months from the date the amounts are borrowed. The loans are secured by a blanket lien on the Company’s assets. The loans may be prepaid, subject to payment of a prepayment fee equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the maturity date. The Company borrowed under three short-term borrowing arrangements during the year ended December 31, 2025, borrowing a gross amount of \$4,650,000, net of fees of \$225,000, which was recorded as a debt discount and is being amortized over the term of the agreements. During the year ended December 31, 2025, the Company made total repayments of \$4,036,015. During the year ended December 31, 2025, the Company amortized \$203,125 of the debt discount to interest expense, resulting in unamortized debt discount of \$21,875 as of the year then ended. As of December 31, 2025, the Company had outstanding borrowings of \$613,985, and unamortized debt discount of \$21,875, resulting in net balance of \$592,110. The outstanding balance is to be repaid through weekly principal and interest payments of \$94,500 ending February 18, 2026 (see Note 15).

Hudson Global

On August 28, 2025, the Company closed a convertible note financing with Hudson Global Ventures, LLC (“Hudson Global”). In connection with this financing, the Company entered into a Securities Purchase Agreement (the “SPA”) with Hudson Global requiring that the Company (i) issue 418,000 shares of its common stock as commitment shares (the “Commitment Shares”), (ii) issue a warrant (the “Warrant”) for 157,258 shares of the Company’s common stock at a conversion price of \$4.34 per share subject to customary adjustments for fundamental corporate actions such as mergers, reverse splits and stock dividends, that is exercisable for five years or that the Company must earlier pay the Event of Default Black Scholes Value as that term is defined in the Warrant if the Company’s common stock is deemed “penny Stock” under SEC Rule 240.3a51-1, and (iii) issue a 12 month secured convertible promissory note in the principal amount of \$455,000 (the “Convertible Note”) bearing annual interest of 12% to be repaid through monthly amortization payments of \$45,818 and that is convertible into shares of the Company’s common stock at a fixed price of \$4.34 per share, subject to customary adjustments for fundamental corporate actions such as mergers, reverse splits and stock dividends, that can be prepaid within the first 60 days from August 27, 2025, without any penalty and after 60 days from August 27, 2025, at a payment of 118% of the accrued and unpaid interest and unpaid principal of the Convertible Note. Under the terms of the SPA, Hudson Global has piggyback rights for the conversion shares underlying the Warrant and the Convertible Note, as well as for the Commitment Shares. This loan has been settled in full by refinancing with the Note Purchase Agreement dated September 12, 2025 (see NPA Note Holders below).

Under ASC Topic 470-20, Debt with Conversion and Other Options, the proceeds received in the transaction were allocated between the debt instrument and the warrants based on their relative fair values at issuance. The portion of the proceeds allocated to the warrants created a derivative liability (see Note 11), and a debt discount that was amortized to interest expense over the term of the Note. Because the warrants absorbed the entire allocable fair value, no value was assigned to the common shares issued in the transaction. The debt discount does not affect the total proceeds received but impacts the subsequent recognition of interest expense over the life of the Notes.

NPA Note Holders

On September 12, 2025, the Company entered into a Note Purchase Agreement (the “NPA”) with four holders pursuant to which it issued to such holders certain unsecured promissory notes (the “Notes”). The Notes are (i) in the total principal amount of \$2,111,111 with an Original Issuance Discount (“OID”) equal to 10% that resulted in the Company receiving net proceeds of \$1,129,400 following deductions for expenses, including an 8% placement agency fee and 1% non-accountable allowance paid to RBW Capital Partners LLC (“RBW”), a division of Dawson James Securities, Inc., under the terms of a Placement Agency Agreement dated September 5, 2025, between the Company and RBW, and repayment of principal and accrued and unpaid interest of \$509,600 owed to Hudson Global Ventures, LLC (“Hudson Global”) under a convertible note in the principal amount of \$455,000 issued under the term of a Securities Purchase Agreement dated August 27, 2025, (ii) due the earlier of three (3) months from the dates of the Notes which are all September 12, 2025, or in the event of a prior subsequent financing by the Company, the Notes at the option of the holder must be repaid in full or, if applicable, are exchangeable into the consideration in the subsequent offering, (iii) subject to a payment in the event of a default of 120% of the unpaid principal amount, accrued interest and all other amounts owing under the Notes, which amount increases by 5% every 30 days following the date of the event of default until the Notes are paid in full (the “Mandatory Default Amount”) and (iv) limited to prepayment only upon a change of control of the Company subject to payment of the Mandatory Default Amount. The Company was deemed to be in default and recorded an additional 120% of the unpaid principal amount, or \$738,889. As of December 31, 2025, the loan reflects an outstanding principal balance of \$2,850,000, and accrued interest of \$158,175 (see Note 15).

NOTE 8. NOTE PAYABLE – RELATED PARTY

Notes payable to a related party consist of the following at December 31, 2025:

	December 31, 2025
Secured note payable – related party – past due	\$ 751,000
Accrued interest (included in accrued expenses)	111,623
Total principal and accrued interest	<u>862,623</u>
Less current portion	<u>(862,623)</u>
Non-current portion	<u>\$ -</u>

On April 3, 2025, April 16, 2025, June 20, 2025, July 8, 2025, and July 12, 2025, the Company received from ICT Investments, the owner of the majority of outstanding shares of the Company’s common stock, unsecured loans in the principal amount of \$200,000, \$400,000, \$20,000, \$101,000, and \$30,000 respectively (the “ICT Loans”). Laser Photonics issued promissory notes, with interest at \$20,000, \$40,000, \$2,000, \$10,000 and \$3,000, respectively, and a maturity date of May 31, 2025, June 30, 2025, August 30, 2025, September 8, 2025, and September 12, 2025, respectively. On September 12, 2025, the Company amended the promissory notes to include a default provision that upon default, the loans bear an annual interest rate of 10% and are due on demand. The unpaid principal balance of the ICT loans as of December 31, 2025, was \$751,000. The unpaid interest balance as of December 31, 2025, was \$111,623, which included in the balance of accrued expenses in the accompanying consolidated balance sheets as of the year then ended.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its office facilities under noncancelable operating lease agreements. On July 1, 2024, the Company entered into a lease agreement for 48,481 square feet of office space in Lake Mary, Florida. The operating lease has a base monthly rent of \$50,354 with an annual increase of 3% and a lease term of 10.5 years.

The Company’s operating lease liability balance was \$5,016,408 as of December 31, 2024. During the year ended December 31, 2025, the Company made payments of \$649,997 against its operating lease liability, resulting in a lease liability of \$4,366,420 as of December 31, 2025, of which the current portion was \$214,044 and the long-term portion was \$4,152,375.

	Years Ended December 31,	
	2025	2024
<u>Lease Cost</u>		
Operating lease cost (of which \$1,036,138 is included in general and administration and \$336,858 is included in cost of sales in the Company’s statement of operations for the year ended December 31, 2025, and \$297,898 is	\$ 1,372,996	\$ 583,132

included in general and administration and \$285,234 is included in cost of sales in the Company's statement of operations for the year ended December 31, 2024)

Other Information

Weighted average remaining lease term – operating leases (in years)	9.5	10.5
Average discount rate – operating leases	10.0%	10.0%

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Maturities of the Company's operating lease liabilities are as follows as of December 31, 2025:

	<u>As of</u> <u>December 31, 2025</u>
2026	\$ 641,052
2027	660,284
2028	680,092
2029	700,495
2030	721,510
Thereafter	3,527,297
Total	<u>6,930,730</u>
Less: Imputed interest	(2,564,310)
Total operating lease liability	<u>\$ 4,366,420</u>

Legal Proceedings

The Company is, from time to time, involved in various legal proceedings incidental to the conduct of our business. Historically, the outcome of such legal proceedings has not been material to our business, results of operations, or liquidity. There were no material pending or threatened legal proceedings as of December 31, 2025.

NOTE 10. INCOME TAXES

For the years ended December 31, 2025 and 2024, a reconciliation of the effective income tax rate to the U.S. statutory rate is as follows:

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Federal tax benefit at statutory rate	\$ 21%	\$ 21%
State tax benefit, net of federal benefit	6%	6%
Change in valuation allowance	(27)%	(27)%
	<u>\$ —</u>	<u>\$ —</u>

As of December 31, 2025 and 2024, the following table summarizes our deferred tax asset:

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Deferred tax asset		
Net operating loss carryforwards	\$ 6,645,000	\$ 3,999,000
Valuation allowance	(6,645,000)	(3,999,000)
Net deferred tax asset (liability)	<u>\$ —</u>	<u>\$ —</u>

The provision for income taxes differs from the expense that would result from applying statutory rates to income before income taxes. The differences primarily result from changes in valuation allowance.

As of December 31, 2025 and 2024, the Company is in a net deferred tax asset position before valuation allowance. The future realization of the tax benefits from existing temporary differences and tax attributes ultimately depends on the existence of sufficient future taxable income. In assessing the realization of the deferred tax assets, the Company considers whether deferred tax assets will not be realized. The Company considers projected future taxable income, scheduled reversal of existing deferred tax liabilities, and tax planning strategies in making this assessment. As of December 31, 2025 and 2024, the Company has considered all available evidence, both positive and negative, and determined that it is more likely than not that the Company's net deferred tax assets will not be realized. Accordingly, the Company maintained a full valuation allowance as of December 31, 2025 and 2024. The change in the valuation allowance for year ended December 31, 2025 was an increase of \$2,619,000.

As of December 31, 2025, the Company had federal net operating loss carryforwards totaling 24,611,000, which are available to reduce the Company's future taxes and have an unlimited carryforward period. As of December 31, 2025, the Company had state net operating loss carryforwards totaling \$7,104,473.

The future realization of the net operating loss carryforwards may be limited by the change in ownership rules under Section 382 of the Internal Revenue Code (“Section 382”). Under Section 382, if a corporation undergoes an ownership change (as defined), the corporation’s ability to utilize its net operating loss carryforwards and other tax attributes to offset income may be limited. The Company has not completed a study to assess whether a change of ownership has occurred, or whether there have been multiple ownership changes since its formation. Any limitation may result in expiration of a portion of the net operating loss carryforwards or research and development credit carryforward before utilization.

The Company files income tax returns in the U.S. federal tax jurisdiction and in various state and foreign jurisdictions in which it operates and is therefore subject to tax examination by various taxing authorities. Since the Company is in a loss carryforward position, the Company is generally subject to examination by the U.S. federal, foreign, state and local income tax authorities for all tax years in which a loss carryforward is available. The Company is currently not under examination by the Internal Revenue Service or any other jurisdiction for any tax years. The Company has not recorded any interest or penalties on any unrecognized tax benefits as of December 31, 2025 and 2024.

The Company accounts for uncertain tax positions recognized in the consolidated financial statements following a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. As of December 31, 2025 and 2024, the Company has not identified any uncertain tax positions. The Company will recognize interest and penalties, if any, related to uncertain tax positions in income tax expense. As of December 31, 2025, no interest or penalties have been accrued.

NOTE 11 – DERIVATIVE LIABILITY

On August 27, 2025, pursuant to the note payable with Hudson Global (see Note 7), the Company granted Hudson Global the right to convert 157,258 warrants, whereby such number may be adjusted from time to time pursuant to the terms and conditions of this Warrant. The Company analyzed the conversion option for derivative accounting consideration under ASC 815, *Derivatives and Hedging*, and determined that the conversion option should be classified as a derivative liability since it does not have an explicit limit to the number of shares to be delivered upon settlement of the conversion option. The derivative liability is remeasured to fair value at each reporting period, and the change in the fair value is recognized in earnings in the accompanying statements of operations. The Company estimated the fair value of the conversion option derivative liability using a Black-Scholes option pricing model. The fair value of the derivative liability at December 31, 2025 was \$338,902.

The following tables summarize the derivative liability:

	December 31, 2025	August 27, 2025
Stock price	\$ 2.57	\$ 4.53
Risk free interest rate	3.55%	3.55%
Expected volatility	150%	150%
Expected life in years	4.66	5.00
Expected dividend yield	0%	0%
Number of warrants	157,258	157,258
Fair value of derivative liability	\$ 338,902	\$ 652,794

The following table provides a roll-forward of the derivative liability measured at fair value on a recurring basis using unobservable level 3 inputs for the period ended December 31, 2025, as follows:

	Fair Value of Derivative Warrant Liability
Balance, December 31, 2024	\$ -
Initial recording of fair value of warrant derivative liability	652,794
Change in fair value of warrant derivative liability	(313,892)
Balance, December 31, 2025	\$ 338,902

NOTE 12 – STOCKHOLDERS’ (DEFICIT) EQUITY

Preferred Stock

Shares of preferred stock may be issued from time to time in one or more series as may be determined by the board of directors. The board of directors may fix the designation, powers, preferences, and rights of the shares of each such series and the qualifications, limitations or restrictions thereof without any further vote or action by the stockholders of the Company, except that no holder of preferred stock shall have pre-emptive rights. Any shares of preferred stock so issued would typically have priority over the common stock concerning dividend or liquidation rights. The board of directors does not at present intend to seek stockholder approval prior to any issuance of currently authorized stock unless otherwise required by law.

The Company is authorized to issue 10,000,000 shares of preferred stock, par value \$0.001 per share. As of December 31, 2025 and 2024, there were no shares of preferred stock issued and outstanding.

Common Stock

Holders of shares of common stock are entitled to one vote for each share on all matters to be voted on by the stockholders. Holders of common stock do not have cumulative voting rights.

Subject to preferences that may be applicable to any outstanding shares of preferred stock, the holders of common stock are entitled to share ratably in dividends, if any, as may be declared from time to time by the board of directors in its discretion from funds legally available, therefore.

Holders of common stock have no pre-emptive rights to purchase the Company’s common stock. There are no conversion or redemption rights or sinking fund provisions with respect to the common stock. The Company may issue additional shares of common stock which could dilute its current shareholder’s share value.

The Company is authorized to issue a total of 100,000,000 shares of common stock, par value \$0.001 per share. As of December 31, 2025 and 2024, the Company had 22,852,723 and 14,282,395 shares of common stock issued, respectively, the Company had 22,845,345 shares and 14,257,458 shares, respectively, of common stock outstanding.

Common Shares Transactions

2025 Transactions

Common shares issued for officers’ and directors’ compensation

On November 4, 2025, the Company granted its officers and directors an aggregate of 435,000 shares of the Company’s restricted stock, with an aggregate fair value of \$1,579,050, or \$3.63 per share.

Common shares issued for services

During the year ended December 31, 2025, the Company issued an aggregate of 292,519 shares of common stock with a fair value of \$755,900, or an average price of \$2.58 per share, for service rendered.

Common shares issued for cash under Securities Purchase Agreement

On September 22, 2025, the Company entered into a securities purchase agreement (the “Purchase Agreement”) with certain accredited investors (the “Investors”), pursuant to which the Company agreed to issue and sell to the Investors in a private placement (the “Offering”) (i) 1,098,902 shares (the “Shares”) of common stock of the Company, \$0.001 par value (the “Common Stock”), (ii) series A warrants to purchase up to 1,098,902 shares of Common Stock (the “Series A Warrants”) and (iii) series B warrants to purchase up to 1,098,902 shares of Common Stock (the “Series B Warrants” and, with the Series A Warrants, the “Common Warrants” and, collectively with the Shares, and the Series B Warrants, the “Securities”) for a purchase price of \$3.64 per share of Common Stock and related Common Warrants, for a net total of \$3,487,353, the fees were net against the proceeds. The Offering was closed on September 29, 2025, subjected to customary closing conditions. The Company also issued to the placement agent facilitating the Exchange Agreement or its designees warrants to purchase an aggregate of 76,923 shares of its restricted common stock that are exercisable for five years at \$4.55 per share subject to customary adjustments, including for stock splits, stock dividends, rights offerings and fundamental transactions such as a merger resulting in a change of control.

The Series A Warrants have an exercise price of \$3.40 per share, are exercisable upon issuance (the “Initial Exercise Date”), and expire five years following the effective date of the registration statement to be filed in connection with the Offering. The Series B Warrants have an exercise price of 3.40 per share, are exercisable commencing on the Initial Exercise Date and expire eighteen months following the effective date of the registration statement to be filed in connection with the Offering. Under the terms of the Common Warrants, the Investors may not exercise the warrants to the extent such exercise would cause the Investor, together with its affiliates and attribution parties, to beneficially own a number of shares of common stock which would exceed 4.99% (or, at such Investor’s option upon issuance, 9.99%), of the Company’s then outstanding Common Stock following such exercise, excluding for purposes of such determination shares of Common Stock issuable upon exercise of such warrants which have not been exercised.

The Purchase Agreement contains representations, warranties, indemnification and other provisions customary for transactions of this nature. The Purchase Agreement also provides that, subject to certain exceptions, until 15 days after the effective date of the registration statement to be filed in connection with Offering, neither the Company nor any of its subsidiaries will issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of Common Stock or Common Stock equivalents or file a registration statement other than one in connection with the Offering. The Purchase Agreement also provides that, subject to certain exceptions, for a period of one year following the effective date of the registration statement to be filed in connection with Offering, the Company will be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its subsidiaries of Common Stock or Common Stock equivalents (or a combination of units thereof) involving a variable rate transaction, which generally includes any transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of common stock either (A) at a conversion price or exchange rate that is based upon and/or varies with the trading prices of or quotations for the shares of common stock at any time after the initial issuance of such securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the common stock or (ii) enters into any agreement, whereby the Company may issue securities at a future determined price (including but not limited to, certain “at-the-market offerings” as described more fully in the Purchase Agreement).

As part of the Offering, the Company entered into a Registration Rights Agreement, dated September 22, 2025, with the Investors, pursuant to which the Company agreed to register the resale of the shares of Common Stock sold in the Offering and the shares of Common Stock issuable upon exercise of the Common Warrants. The Company will use its commercially reasonable best efforts to file the registration statement by the 15th calendar day after the date of the Registration Rights Agreement and cause the registration statement to be declared effective within 45 days of September 22, 2025 (or 75 days in the event the registration statement is reviewed in “full”). If the Company fails to meet the specified filing deadlines or keeps the registration statement effective, subject to certain permitted exceptions, the terms of the Registration Rights Agreement provide that the Company will be required to pay certain liquidated damages to the Investor. The Company also agreed, among other things, to indemnify the Investors under the registration statement from certain liabilities and to pay all fees and expenses incident to the Company’s performance of or compliance with the Registration Rights Agreement.

Common shares issued under common control acquisition

On August 5, 2025, the Company issued 3,000,000 restricted shares of common stock to Fonon Quantum Technologies, Inc. as consideration for the acquisition of certain assets of Beamer Laser Marking Systems. The shares were valued at the market rate of the Company’s stock on the date of the Agreements which was \$2.80, for a total amount of \$8,434,322. Both companies are under common control of ICT Investments and the excess paid over the net assets of Beamer Laser Marking Systems was accounted as a deemed dividend for a total of \$8,835,228.

Common shares issued for consideration of promissory note

On August 27, 2025, the Company issued 418,000 restricted shares of common to Hudson Global Ventures, LLC as additional consideration for the purchase of the secured promissory note (see Note 7).

Common Shares issued on exchange of warrants

On May 5, 2025, the Company entered into exchange agreement with Empery Asset Master LTD, Empery Tax Efficient, LP and Empery Tax Efficient III, LP, (“Holders”). Holders hold the number of Warrants to Purchase Common Stock originally issued on August 19, 2024, to Altium Growth Fund, LP (125,000 warrants), exercisable into the number of shares of Common Stock of the Company. In a modified agreement dated July 8, 2025, the Holders received in exchange to the 125,000 warrants, 107,215 shares of common stock at agreed price of \$2.90. The Company updated the number of shares being issued to reflect the difference in value of the shares previously agreed at \$2.90, as compared to the closing stock price of \$2.53 on May 8, 2025.

On September 2, 2025, the Company entered into an agreement to exchange certain outstanding warrants issued in the August 2024 PIPE financing (the “Exchange Agreement”). These warrants, which had an exercise price of \$4.34 per share, entitled holders to purchase up to an aggregate of 0.8 million shares of the Company’s common stock. In exchange for relinquishing these warrants, the warrant holders will receive unrestricted shares of the Company’s common stock equal to 400% of the number of shares of the Company’s common stock issuable upon exercise of the warrants that for all warrant holders results in an aggregate of 3.2 million unrestricted shares of the Company’s common stock. The Company also has agreed, subject to customary exceptions, for a period of 30 days starting on September 3, 2025, not to issue any shares of its common stock nor to file any registration statement or any amendment or supplement to any existing registration statement. The excess of the fair value of the shares of common stock over the fair value recalculated using Black-Scholes method at the date of the operation was considered and accounted as deemed dividend.

Common shares issued to common shares issuable (CMS)

In January 2025, 18,692 common shares with a fair value of \$100,000 were issued for common shares previously recorded as issuable, related to the acquisition of CMS in 2024.

2024 Transactions*Common shares issued for officer compensation*

On February 2, 2024, 17,008 Shares of Common stock with a fair value \$33,336 were issued to Jade Barnwell, the former Laser Photonics CFO, under the terms of employment.

Common shares issued for License Agreement

On May 24, 2024, 3,000,000 Shares of Common stock with a fair value \$6,615,000 were issued to FONON Corporation under a License Agreement.

Common shares issued for cash under Asset Purchase Agreement

On September 6, 2024, 1,500,000 shares of Common stock were issued under a PIPE Offering with Aegis Capital Corp. The Company received net proceeds of \$2,652,350.

Common shares issued on cashless exercise of warrants

On September 16, 2024, 61,968 common shares were issued on the cashless exercise of a warrant held by an investor in the Company’s initial public offering in November 2022.

Common shares issued on exercise of warrants

During the year ended December 31, 2024, the Company issued 450,000 common shares on the exercise of 450,000 warrants and received net proceeds of \$1,796,760.

Common shares issuable on acquisition

At December 31, 2024, 18,692 common shares with a fair value of \$100,000, remained unissued to the seller of CMS (see Note 2). The common shares were issued in January 2025.

Warrants

The Company issues warrants in conjunction with its capital raise activities.

The fair value of a warrant is calculated on the grant date using the Black-Scholes option-pricing model. The risk-free interest rate is based on the U.S. Treasury yield curve in effect as of the grant date. The expected dividend yield assumption is based on the Company's expectation of dividend payouts and is assumed to be zero. The expected volatility is based on the historical volatility of the Company's common stock, calculated utilizing a look-back period approximately equal to the contractual life of the stock option being granted. The expected life of the stock option is calculated as the mid-point between the vesting period and the contractual term (the "simplified method"). The fair market value of the common stock is determined by reference to the quoted market price of the common stock on the grant date.

The expected term represents the weighted-average period of time that warrants are expected to be outstanding giving consideration to vesting schedules and historical participant exercise behavior; the expected volatility is based upon historical volatility of the Company's common stock; the expected dividend yield is based on the fact that the Company has not paid dividends in the past and does not expect to pay dividends in the future; and the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of measurement corresponding with the expected term of the share option award.

A summary of warrants activity is presented below:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Warrants outstanding at December 31, 2023	-	\$ -
Granted	1,500,000	4.34
Exercised	(450,000)	(4.34)
Expired or forfeited	-	-
Warrants outstanding at December 31, 2024	<u>1,050,000</u>	<u>\$ 4.34</u>
Granted	2,556,985	3.50
Exercised	(1,175,000)	(4.34)
Expired or forfeited	-	-
Warrants outstanding at December 31, 2025	<u>2,431,985</u>	<u>\$ 3.50</u>
Warrants exercisable at December 31, 2025	<u>2,431,985</u>	<u>\$ 3.50</u>

Warrants issued with shares of common stock

On September 22, 2025, under that certain Purchase Agreement, the Company issued (i) series A warrants to purchase up to 1,098,902 shares of Common Stock with exercise price of \$3.40 per share, are exercisable upon issuance, and expire five years following the effective date of the registration statement to be filed in connection with the Offering; and (i) series B warrants to purchase up to 1,098,902 shares of Common Stock with exercise price of 3.40 per share, are exercisable commencing on the Initial Exercise Date and expire eighteen months following the effective date of the registration statement to be filed in connection with the Offering. The Company also issued to the placement agent facilitating the Exchange Agreement or its designees warrants to purchase an aggregate of 76,923 shares of its restricted common stock that are exercisable for five years at \$4.55 per share subject to customary adjustments, including for stock splits, stock dividends, rights offerings and fundamental transactions such as a merger resulting in a change of control.

On September 6, 2024, 1,500,000 warrants to purchase common stock were issued under PIPE Offering with Aegis Capital Corp.

Warrant redemption

On May 6, 2025, the Company cancelled 125,000 outstanding warrants granted to District 2 Capital Fundor in August 2024 in exchange for a \$362,500 Promissory Note (see Note 7).

Warrants exchanged for common shares on a cashless basis

The Company entered into two (2) separate transactions for the exchange of warrants for shares of the Company's common stock on a cashless basis (refer to common shares issued on exchange of warrants).

The outstanding warrants had no intrinsic value at December 31, 2025.

The exercise prices of common warrants outstanding and exercisable at December 31, 2025 are as follows:

<u>Exercise Prices</u>	<u>Warrants Outstanding (Shares)</u>	<u>Warrants Exercisable (Shares)</u>	<u>Weighted-Average Remaining Contractual Terms (Years)</u>
\$ 3.40	2,197,804	2,197,804	3.00
\$ 4.34	157,258	157,258	4.65
\$ 4.55	76,923	76,923	4.75
	<u>2,431,985</u>	<u>2,431,985</u>	<u>3.16</u>

NOTE 13. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2025 and 2024, the Company has engaged in the following transactions with our directors, executive officers, holders of more than 5% of its voting securities, and affiliates or immediately family members of its directors, executive officers, and holders of more than 5% of our voting securities, and its co-founders.

At December 31, 2025, ICT Investments, its Managing Partner Dmitriy Nikitin, and its affiliates Fonon Corporation and Fonon Technology, Inc., owns 11,373,695 shares of the Company's common shares, or 50.7% of the Company's shares outstanding.

On May 21, 2024, 3,000,000 Common shares were issued and transferred to Fonon Corporation in exchange for licenses for all commercial and non-commercial applications of Fonon Corp for laser cutting, marking, engraving, welding, semiconductor applications and flat panel display. The shares were valued at its fair-market value of \$6,615,000 and recorded as a deemed dividend.

During the year ended December 31, 2025, and 2024, the Company paid \$180,000 and \$30,047, respectively, to Dmitriy Nikitin for advisory fees and allowances. During the years ending December 31, 2025, and 2024, the Company also accrued expenses of \$89,165 and \$92,764 to ICT Investments for advisory services, accordingly.

As discussed in Note 3, on August 5, 2025, the Company acquired the Beamer assets from FQTI. The Company issued 3,000,000 restricted shares of its common stock with a fair value of \$8,400,000 (valued at \$2.80 per share as of the close on August 5, 2025), as payment for the assets acquired of \$255,824, resulting in a deemed dividend of \$8,144,176.

For the year ended December 31, 2025, and 2024, \$3,552,696 and \$5,780,578, respectively, which was distributed to an affiliate party, Fonon Corporation. The majority of the distributions is related to payroll costs, certain shared facility and overhead costs that are allocated in the distribution, which amount to \$2,917,843 and \$5,780,578 for the years ended December 31, 2025 and 2024, respectively. For the year ended December 31, 2025, the amount distributed included the net sales realized by FQTI of \$645,578 (see Note 3).

For the year ended December 31, 2025 and 2024, affiliate revenue totaled \$420,089 and \$47,515, respectively.

Accounts payable due to ICT investments, and its affiliates, as of December 31, 2025 and 2024 was \$349,961 and \$27,988 respectively.

NOTE 14 – SEGMENT INFORMATION

The Company operates and manages its business activities on a consolidated basis and operates in a single reportable and operating segment. The Company's Chief Executive Officer, serving as the Chief Operating Decision Maker ("CODM"), oversees operations on an aggregated basis to allocate resources effectively. In assessing the Company's financial performance, the CODM regularly reviews consolidated net income (loss). Significant expense categories are not presented, as the expense information regularly provided to the CODM is presented on the same basis as the consolidated statements of operations and comprehensive income (loss). The CODM relies on consolidated net loss as a comprehensive measure of the Company, considering all revenues and expenses, including cost of revenue, research and development expenses, general and administrative expenses and sales and marketing expenses, to assess the Company's overall performance and inform strategic decisions on cost control, pricing and investments. Additionally, the CODM also reviews total assets to assess the Company's financial position and resource allocation. The measure of segment assets is reported on the consolidated balance sheet as total consolidated assets. The Company's long-lived assets consist primarily of property and equipment, net. As of December 31, 2025, the Company does not have material long-term assets outside the U.S.

NOTE 15 – SUBSEQUENT EVENTS

On February 2, 2026, pursuant to an employment agreement, the Company granted stock options under the Company's 2019 Stock Incentive Plan to acquire 40,000 shares of the Company's Common Shares to vest pro rata on the three subsequent anniversary dates of the date of grant. The Company will account and record the fair value of these stock options based upon its vesting term.

On February 9, 2026, the Company conducted a public offering of an aggregate of (i) 7,142,858 shares (the "Shares") of the Company's common shares, par value \$0.001 per share (the "Common Stock"), at an offering price per Share and associated Warrants of \$0.70, (ii) five year Series A-1 Common Stock purchase warrants (the "Series A-1 Warrants") to purchase up to 7,142,858 shares of Common Stock at an exercise price of \$0.70 per share, and (iii) twenty-four month Series A-2 Common Stock purchase warrants (the "Series A-2 Warrants", and, collectively with the Series A-1 Warrants, the "Warrants") to purchase up to 7,142,858 shares of Common Stock at an exercise price of \$0.70 per share, for aggregate gross proceeds of \$5,000,001. In connection with the closing, the Company will issue to H.C. Wainwright & Co., LLC ("Wainwright") or its designees warrants to purchase up to an aggregate of 500,000 shares of Common Stock at an exercise price of \$0.875 per share, which are exercisable immediately upon issuance and have a termination date of February 6, 2031. Additionally, in connection with a note financing conducted by the Company in September 2025, the Company will pay Wainwright a cash fee equal to \$147,778 and issue to Wainwright or its designees unregistered warrants to purchase up to an aggregate of 57,058 shares of Common Stock at an exercise price of \$3.2375 per share, which are exercisable immediately upon issuance and have a termination date of February 6, 2031. The net proceeds received by the Company after commissions, fees, legal expenses, and payment of the cash fee to Wainwright, were \$4,121,273. The Company is in the process of determining the fair value and corresponding accounting for the equity securities granted to Wainwright as part of this public offering.

In February 2026, the Company fully repaid its notes payable, including accrued interest through February 2026, totaling \$4,217,028 (see Note 7).

During February and March 2026, the Company issued 2,449,474 common shares and received proceeds of \$2,026,815 on the exercise of 2,449,474 warrants.

In March 2026, the Company issued 99,738 shares of common stock for service rendered.

On April 9, 2025, the Company issued its directors an aggregate of 60,000 shares of common stock for director compensation.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Principal Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), as of the end of the period covered by this annual report. Based on this evaluation, the Company's Chief Executive Officer ("CEO") and Principal Financial Officer concluded as of December 31, 2025 that the Company's disclosure controls and procedures were ineffective, due to the material weaknesses described below in the subsection titled "Management's Annual Report on Internal Control over Financial Reporting," which were previously identified in our Annual Report for the year ended December 31, 2024, not yet being remediated.

Inherent Limitations on Effectiveness of Controls

Management does not expect the Company's disclosure controls or internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The Company's controls and procedures are designed to provide reasonable assurance that control system's objective will be met, and the CEO and Principal Financial Officer have concluded that the Company's disclosure controls and procedures are ineffective at the reasonable assurance level. 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. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls in future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of the principal executive officer and principal financial officer and implemented by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements in accordance with U.S. generally accepted accounting principles.

Based on its evaluation under the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of December 31, 2025, the Company's management, with the participation of its CEO and Principal Financial Officer, concluded that, as of such date, its internal controls over financial reporting were ineffective.

Material Weaknesses in Internal Control Over Financial Reporting

A material weakness (as defined in Rule 12b-2 under the Exchange Act) 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 our annual or interim financial statements will not be prevented or detected on a timely basis.

Our management concluded that the following material weaknesses existed as of December 31, 2025:

- Continuing Weakness: System of internal controls failed to identify multiple journal entries that were identified by the external auditor
- Continuing Weakness: Lack of formal control process related to the identification and approval of related party transactions

- Continuing Weakness: We are not able to fully maintain segregation of duties within our financial operations due to our reliance on limited personnel in the finance function
- Continuing Weakness: As a smaller company we lack sufficient resources to perform the internal audit function
- Continuing Weakness: Documentation of all proper accounting procedures is not yet complete.

Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting

In order to remediate these material weaknesses, we will change certain control activities over financial reporting to include, but not be limited to, the following:

(i) enhancing our financial close and reporting process by implementing additional levels of review over manual journal entries, formalizing account reconciliation procedures, and requiring documented supervisory approval of all non-routine and significant adjustments.

(ii) adopting and enforcing a formal written policy and control framework for the identification, review, approval, and disclosure of related party transactions, including periodic related-party questionnaires and review by our Audit Committee; and

(iii) strengthening our finance and internal control environment by (a) augmenting finance personnel and reassigning responsibilities to improve segregation of duties, (b) engaging qualified third-party professionals to assist with internal audit-type procedures and ongoing monitoring where internal resources are limited, and (c) completing and maintaining comprehensive documentation of key accounting policies, procedures and internal controls, along with related training for relevant personnel.

We are committed to maintaining a strong internal control environment and implementing measures designed to help ensure that control deficiencies contributing to the material weaknesses are remediated as soon as possible.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, which permanently exempts non-accelerated filers from complying with Section 404(b) of the Sarbanes-Oxley Act of 2002.

Attached as exhibits to this Form 10-K are certifications of Laser Photonics' CEO and Principal Financial Officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This "Controls and Procedures" section includes information concerning the controls and controls evaluation referred to in the certifications.

Changes in Internal Control over Financial Reporting

Other than as described above, there have been no other changes in our internal control over financial reporting that have occurred during the quarter ended December 31, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****MANAGEMENT**

The following table sets forth information for our executive officers and directors as of February 28, 2026:

Name	Age	Position
Wayne Tupuola	66	President, Chief Executive Officer and Chairman of the Board
Carlos Sardinas ¹	43	Chief Financial Officer
Ann Tewari ²	58	Executive Vice President of Global Operations and Strategy
Michael Lockey	52	Controller
Gennady Korotkov	68	Vice President of Operations
Igor Vodopiyarov	64	Vice President, R&D and Product Development
Arnold Bykov	89	Chief Design Engineer
Tim Miller	73	Director
Troy Parkos	54	Director
Carlos M. Gonzalez	79	Director
Qing Lu	52	Director

- (1) Carlos Sardinas resigned as Chief Financial Officer on January 8, 2026.
- (2) Ann Tewari joined as Executive Vice President of Global Operations and Strategy on February 2, 2026.

Wayne Tupuola is President, Chief Executive Officer and the Chairman of the Board. Mr. Tupuola joined an affiliate of ICT Investments as Vice President of Operations in January 2007 and joined us in November 2019. From January 2014 to May 2015, he was acting as an Industrial Consultant for Florida high tech companies. He brought experience based on 15 successful years of C-level management capacity in manufacturing operations, and more than 24 years hands-on experience in the semiconductor, aerospace, food & beverage and commercial industries, including: Sumitomo Corp, the world's second-largest wafer manufacturer in the semiconductor sector; ON Semiconductor Corp, one of the world's largest semiconductor component companies; and Thermo-Electron, one of the world's leading analytical instruments, lab equipment, and industrial equipment manufacturers. From September 2015 to December 2015, he was a Director and Vice President of Operations to an affiliate of Laser Photonics and one of ICT Investment's portfolio companies, Fonon Drone Shield Solutions, Inc. He is currently in charge of all manufacturing and day-to-day business operations of Laser Photonics. Mr. Tupuola is a graduate of the University of Phoenix with a degree in Communications. We believe that his significant management experience with manufacturing operations makes him qualified to be a member of our Board of Directors.

Ann Tewari is Executive Vice President of Global Operations and Strategy. Ms. Tewari joined the Company on February 2, 2026. Prior to joining the Company, Ms. Tewari served as VP of Operations for Comtech Communications, a leading global provider of secure wireless communications technologies, since January 2020 where she managed several departments in that company, including supply chain, warehouse and inventory control, receiving and shipping, test department, and the assembly and manufacturing engineering department. She increased the efficiency of these departments by working with the team members and implementing test automation that reduced the time of build from start to finish by over 40%. On an interim basis, she managed and worked as Program Manager along with her Operations duties and worked closely with the Army and Marine Corps and commercial customers. From June 2017 to January 2020 Ms. Tewari was DoD & Operations/Quality Chief at Pratt & Whitney, a division of United Technologies, where she oversaw and focused on the quality/improvement of the propulsion system, the after-market/MRO and engines sector for propulsion and engine group and worked closely with the U.S. Air Force and aviation customers to achieve the quality and milestones for these customers. From November 2014 to June 2017, Ms. Tewari held the position as Corporate Director of Takata (formally TK Holdings/TAKATA) Automotive and Aviation Products where she managed several plants throughout North America, Germany and Mexico and improved quality, improvement of existing product and process, data review/actions and took a systematic approach to significantly improve quality. From July 2004 to November 2014, Ms. Tewari worked in Northrop Grumman, she started as a senior Quality Manager and then was placed in charge of Operations and moved to Strategy that included long-range strategic planning of laser systems. Ms. Tewari also served as Director of Quality Engineering, Reliability and Assurance & Safety/Environment for Goodrich Corporation from 2001 to 2003. Prior to these positions, she held leadership positions in OEA Inc, that was acquired by Raytheon, Research Electro Optics that manufactured lasers and optical components, Celestica Inc. that was acquired by IBM, and Vapor Technologies where she implemented various processes and systems to increase efficiencies and improve quality control. Ms. Tewari graduated from the University of Denver with a Bachelor of Business Administration degree and received a Master of Science and Management from the University of Denver.

Troy Parkos has been a member of the Board since August 15, 2023. Since June 1994, Mr. Parkos has been employed by Fastenal Company, a global distributor of wide-ranging industrial and construction products having annual sales in 2022 of approximately \$7 billion. Mr. Parkos started his career at Fastenal Company as a sales representative from 1994 to 1997, becoming a Regional Sales Consultant Manager from 1997 to 2007, a District Manager from 2007 to 2018 and, since 2018, Vice President overseeing approximately 1,000 employees throughout the United States. Mr. Parkos has expertise in industrial sales, operations, and supply chain management, including partnering with Federal Government prime and DOD contractors and dealing with MRO and OEM manufacturers. Mr. Parkos graduated Magna Cum Laude from the University of Wisconsin with a Bachelor of Science in Industrial Technology Management in May 1994. Laser Photonics believes that the expertise that Mr. Parkos has with the procurement processes and supply chains of Fastenal Company's customer base and experience in managing a large sales force will be valuable to it as it expands its sales.

Carlos M. Gonzalez has been a member of the Board since February 6, 2024. Since August 2013, Mr. Gonzalez has served as Managing Director of Global Pangermex, LLC, a distributor of chemicals for the treatment of fruits and commercial seafood on a global basis, including through access to financial services such as insurance and financing. Mr. Gonzalez concurrently from October 2013 to July 2017 served as the International Trade Finance & Business Development Director for Unified Energy Solutions, Inc., a company assisting medium to large users of energy with the planning, including financing products and services, to provide economically feasible alternative green energy sources of energy using only quality U.S. or European made products. From April 2009 to September 2013, Mr. Gonzalez was the Business Development Director of Sfinkx Corporation, a manufacturer of high-tech industrial laser equipment and photovoltaic energy-generating equipment. Mr. Gonzalez previously held for over 25 years several executive officer positions with large and medium-sized banks, including Wells Fargo, SunTrust Bank, Banco Popular North America, and Fifth Third Bank. Mr. Gonzalez was an Adjunct Professor of Finance at the University of Central Florida, School of Business Administration, from 1988 to 1995. Mr. Gonzalez received his B.S. degree in Business Administration from Portland State University with a minor in Finance and Marketing. His professional education includes the U.S. Army Command and General Staff College and the Florida Bankers Association's International Banking School. He is a Vietnam and Operation Desert Storm veteran, received the U.S. Army Bronze Star Medal, and retired with the rank of Major.

Michael Lockey joined the Company's subsidiary, CMS Laser, on March 3, 2025, as Controller, and now serves as Controller for the Company, responsible for all aspects of interdepartmental and external financial, including the preparation of the Company's financial statements in accordance with GAAP, SEC, and other regulatory requirements. Mr. Lockey oversees an accounting staff of five members. From October 2023 to December 2024, Mr. Lockey was a consultant serving as a fractional controller for a number of company clients. From December 2018 to October 2023, Mr. Lockey served as Director of Management Services for American Management Services, Inc., overseeing the day-to-day operations and management of all active consulting projects, managing approximately 20 full-time consultants, and from November 2013 to December 2018 was a Senior Consultant and General Manager for American Management Services, Inc. From February 2008 to August 2013, Mr. Lockey served as Chief Financial Officer of PSL North America LLC, a manufacturer of large diameter steel pipes. From April 2006 to January 2008, Mr. Lockey was U.S. Regional Controller for Future Pipe Industries, Inc., overseeing 12 accounting staff members. From April 2005 to April 2006, Mr. Lockey was Controller for Camper City, Inc., an auto parts and supply company, and from September 2000 to April 2005 was Financial Reporting Supervisor for Winn Dixie Stores Inc., a publicly traded company on the New York Stock Exchange, for which he was directly responsible for all aspects of its internal and external financial reporting, as he is now for the Company, and in which he supervised a team of five senior staff accountants. Mr. Lockey received his Masters of Accountancy Degree from the University of North Florida, is licensed as a Certified Public Accountant and is a member of the AICPA. Mr. Lockey will serve as Principal Financial and Accounting Officer of the Company until the Company finds a new Chief Financial Officer to replace Carlos Sardinas.

Qin Lu has been a member of the Board since December 5, 2025. Since October 2022, Ms. Lu has served as Chief Financial Officer [at Addition Financial Credit Union in Orlando, Florida, a 3+ billion financial institution, in which she managed an investment portfolio of over \$1 billion and directed its M&A activity. From August 2021 to August 2022, Ms. Lu was Chief Financial Officer of Farm Credit West (now AgWest Farm Credit) in Rocklin, California, where she led the Treasury and Finance departments for this \$10+ billion agricultural lending institution. From June 2016 to July 2021, Ms. Lu served as Chief Financial Officer of Northwest Community Credit Union in Eugene, Oregon where she oversaw a \$200 million investment portfolio that included MBS, CMO, CMBS and other agency-backed securities, and from March 2014 to June 2016 served as Controller for this credit union. Between June 1997 to March 2014 Ms. Lu held the positions of investment accountant at University of Oregon Foundation, accountant at PeachHealth Medical Group, investment advisor at Edward Jones Canada and Marketing Manager at Siemens Ltd. in China. Ms. Lu received her Bachelor of Engineering, Wuhan Institute of Technology, China, MBA in International Business & Finance from Simon Fraser University in Canada and Master of Accounting from the University of Oregon. Ms. Lu is a licensed CPA (Certified Public Accountant), CTP (Certified Treasury Professional), has passed Level I and II in the CFA Program and is fluent in English, Mandarin and Cantonese and is conversational in Spanish and Japanese. Laser Photonics believes that the financial expertise and international business and language skills that Ms. Lu has will be valuable to the Company as it expands its sales both domestically and internationally.

Arnold Bykov joined us in November 2019 as Chief Design Engineer. For the last 25 years, Mr. Bykov has been working in the photonics industry, primarily with ICT Investments and affiliated companies, including being appointed Director and Chief Design Engineer of Fonon Drone Shield Solutions, Inc. from September 2015 to December 2015, where he developed laser systems for material processing and worked as a design and project engineer supervising design teams. Mr. Bykov is currently responsible for the industrial design and technological process of our laser cleaning technology. Mr. Bykov has devoted 20 years of his engineering career in the development of industrial equipment for high-tech industries. The majority of those developments were prepared for laser cutting technology related products through his work with a team of other ICT engineers during the last 15 years and directly for ICT Investments for the past five years. Mr. Bykov received a number of state awards and certificates of invention for the development of laser cutting technology. He graduated from Minsk Polytechnic University in 1966. We believe that the expertise that Arnold Bykov has in industrial design and engineering makes him a valuable resource of knowledge and qualifies him to be a member of the Board. Mr. Bykov will resign as a member of our Board of Directors at the time this registration statement is declared effective.

Igor Vodopiyanov, PhD, is the Senior Research & Development (R&D) Engineer at Laser Photonics. Dr. Vodopiyanov served as a Research Scientist at Florida Institute of Technology before joining the Laser Photonics R&D team in 2017 as a Subject Matter Expert in the tuning and calibration of laser systems for material processing. Dr. Vodopiyanov conducted research in Particle Physics within CMS (Compact Muon Solenoid) Collaboration at the CERN Large Hadron Collider in Switzerland and managed the Hadron Calorimeter Calibration and Condition Group of the CMS Collaboration, which included the calibration and alignment of Forward Tracking Chambers of CERN's L3 detector. Dr. Vodopiyanov also carried out research in Particle Physics within L3 Collaboration at the CERN Electron-Positron Collider at Petersburg Nuclear Physics Institute. He earned a Master of Science degree from the M. I. Kalinin Leningrad Polytechnic Institute in Saint Petersburg, Russia, and a PhD in Physics and Mathematics from the V.G. Khlopin Radium Institute in Saint Petersburg, Russia. Dr. Vodopiyanov has over 250 publications to his credit, and he is a Professional Member of the Sigma Pi Sigma honor society within the American Institute of Physics.

Tim Miller has since 1983 served as the founder and CEO of Control Micro Systems, Inc. ("CMS"). CMS was a pioneer in software controls development for laser machines that expanded to cover a wide range of laser-based manufacturing processes, including laser marking, cutting, drilling, and welding and designing and building complete industrial laser systems, for a global customer base. Mr. Miller had four patents granted by the USPTO in aspects of laser manufacturing. By the time of its sale for over \$10 million in 2019 to 600 Group PLLC, a company that until April 2024 was listed on the AIM market of the London Stock Exchange, CMS had grown, without any third-party financing, to over 55 employees with annual revenues over \$10 million operating in a 40,000 sq. ft. facility. Mr. Miller graduated from the University of Central Florida in 1978 with a BS Degree in Computer Science. Laser Photonics believes that the experience that Mr. Miller has in the laser photonics industry and the growth of CMS as well as overseeing a successful exit for CMS qualifies him to be a valuable member of the Laser Photonics Board of Directors.

Board Composition and Election of Directors

Our Board of Directors is currently authorized to have five members. In accordance with the terms of our current certificate of incorporation and bylaws, the term of office of each director expires at our annual meeting of stockholders or until their successors are duly elected and qualified.

Director Independence

We are a “controlled company” under the Nasdaq Marketplace Rules, but we have not exempted ourselves from the requirement to have independent directors and independent compensation and nomination committees. Currently we have three members of our Board of Directors who are independent as defined under Nasdaq Marketplace Rules. Troy Parkos and Carlos M. Gonzalez are all members of our audit committee, our corporate governance and nominating committee and compensation committee in accordance with the Nasdaq listing rules that require that, subject to specified exceptions, each member of a listed company’s audit, compensation and corporate governance and nominating committees be independent.

There are no family relationships among any of our directors or executive officers.

Director Compensation

2024 and 2025 Director Compensation

Cash Compensation

All non-employee directors are entitled to receive the following cash compensation for their services:

- \$30,000 per year for service as a board member;

All cash payments to non-employee directors who served in the relevant capacity at any point during the immediately preceding prior fiscal quarter will be paid quarterly in arrears. A non-employee director who served in the relevant capacity during only a portion of the prior fiscal quarter will receive a pro-rated payment of the quarterly payment of the applicable cash retainer.

Equity Compensation

Each non-employee director who served as a director during 2024 and 2025 received a grant of 20,000 shares of Common Stock.

Director Compensation Table

The following table sets forth information regarding the compensation earned for service on our board of directors by our non-employee directors during the year ended December 31, 2025.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (1) (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Tim Miller	30,000	20,000	—	—	—	—	85,800
Troy Parkos	30,000	20,000	—	—	—	—	85,800
Carlos M. Gonzalez ¹	15,000	20,000	—	—	—	—	70,800
Qing Lu	—	—	—	—	—	—	—

(1) Carlos M. Gonzalez requested a cap of \$15,000.

During 2025, each non-employee member of the Board of Directors received an annual cash fee of \$30,000. Since Qing Lu joined the Board of Directors on December 5, 2025, she will not start to receive any compensation until January 1, 2026.

Committees of the Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, each of which has the composition and responsibilities described below.

Audit Committee

Our audit committee is comprised of Qing Lu, Carlos M. Gonzalez, Tim Miller and Troy Parkos, each of whom our board has determined is financially literate and qualifies as an independent director under Section 5605(a)(2) and Section 5605(c)(2) of the Nasdaq rules. Ms. Lu is the chairman of our audit committee, and she qualifies as an audit committee financial expert, as defined in Item 407(d)(5)(ii) of Regulation S-K.

Our audit committee has adopted a written audit committee charter, viewable at <https://laserphotonics.com/auditcommittee>, that provides that the functions of our audit committee include, among other things:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing our policies on risk assessment and risk management;
- reviewing and approving related party transactions;
- obtaining and reviewing a report by the independent registered public accounting firm, at least annually, that describes our internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit services, other than de minimis non-audit services, to be performed by the independent registered public accounting firm.

The Audit Committee discussed with management and the independent auditor the Company's annual audited financial statements for the year ended December 31, 2025. The Audit Committee discussed with Weinberg & Company, P.A., the Company's independent auditor for the 2025 fiscal year, matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC. The Audit Committee received written disclosures and letters from Weinberg & Company, P.A. and discussed their independence from management and the Company. Based upon the reviews and discussions, the Audit Committee recommended to the Board of Directors that the previously mentioned audit financial statements should be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, for filing with the SEC.

Compensation Committee

Our compensation committee is comprised of Troy Parkos, Tim Miller, Qing Lu and Carlos M. Gonzalez. Our board has determined that each of Mr. Parkos, Mr. Miller, Mr. Gonzalez and Ms. Lu qualifies as an independent director under Section 5605(a)(2) of the Nasdaq rules and as "non-employee director" for purposes of Section 16b-3 under the Exchange Act and does not have a material relationship with us that would affect their ability to be independent from management in connection with the duties of a compensation committee member, as described in Section 5605(d)(2) of the Nasdaq rules. Mr. Miller serves as the chairman of our compensation committee.

Our compensation committee has adopted a written compensation committee charter, viewable at <https://laserphotonics.com/compensationcommittee>, that provides that the functions of our compensation committee include, among other things:

- reviewing and approving, or recommending to our board of directors for approval, the compensation of our executive officers and any compensatory arrangement with our executive officers;
- reviewing and recommending to our board of directors for approval the compensation of our directors and any changes to their compensation;
- reviewing and approving, or recommending to our board of directors for approval, and administering incentive compensation and equity incentive plans; and
- reviewing and establishing general policies relating to compensation and benefits of our employees and reviewing our overall compensation philosophy.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is comprised of Mr. Parkos, Mr. Miller, Ms. Lu and Mr. Gonzalez. Our board has determined that each of Mr. Parkos, Mr. Miller, Ms. Lu and Mr. Gonzalez qualifies as an independent director under Section 5605(a)(2) of the Nasdaq rules. Mr. Parkos is the chairman of our nominating and corporate governance committee.

We have adopted a written nominating and corporate governance committee charter, viewable at <https://laserphotonics.com/nominatingandgovernance>, that provides that the functions of our nominating and corporate governance committee include, among other things:

- identifying, evaluating and selecting, or making recommendations to our board of directors regarding, nominees for election to our board of directors and its committees;
- overseeing the evaluation and the performance of our board of directors and of individual directors;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- overseeing our corporate governance practices;
- contributing to succession planning; and
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters.

Code of Ethics

We have adopted a code of business conduct and ethics that applies to our officers, directors and employees, including our principal executive officer, principal financial officer and principal accounting officer. The full text of our Code of Business Conduct and Ethics is published in the Investors section of our website at www.laserphotonics.com. We intend to disclose any future amendments to certain provisions of the Code of Business Conduct and Ethics, or waivers of such provisions granted to executive officers and directors, on this website within four business days following the date of any such amendment or waiver.

Insider Trading Policies

We have adopted insider trading policies and procedures governing the purchase, sale, and/or other dispositions of our securities by directors, officers and employees and their respective immediate family members, which are reasonably designed to promote compliance with insider trading laws, rules and regulations, and applicable Nasdaq listing standards while they are in possession of material nonpublic information (the "Insider Trading Policy").

The foregoing description of the Insider Trading Policy does not purport to be complete and is qualified in its entirety by the terms and conditions of the Insider Trading Policy, a copy of which is attached hereto as Exhibit 19.1 and is incorporated herein by reference.

EXECUTIVE COMPENSATION

Compensation Philosophy

The following is a discussion and analysis of our underlying our policies and decisions with respect to the compensation of our executive officers and what we believe are the most important factors relevant to an analysis of these policies and decisions. We are currently considered a “smaller reporting company” for purposes of the SEC’s executive compensation disclosure rules. Our only “named executive officers” for 2024 and 2025 were Wayne Tupuola, Carlos Sardinias and . The compensation of our named executive officers and our other current executive officers is based on individual terms approved by our Board of Directors. This section highlights key aspects of our compensation program.

Our compensation committee will oversee these compensation policies and, together with our Board of Directors, will periodically evaluate the need for revisions to ensure our compensation program is competitive with the companies with which we compete for executive talent.

Objectives and Philosophy of Our Executive Compensation Program

The primary objectives of the Board of Directors in designing our executive compensation program are to:

- attract, retain and motivate experienced and talented executives;
- ensure executive compensation is aligned with our corporate strategies, research and development programs and business goals;
- recognize the individual contributions of executives while fostering a shared commitment among executives by aligning their individual goals with our corporate goals;
- promote the achievement of key strategic, development and operational performance measures by linking compensation to the achievement of measurable corporate and individual performance goals; and
- align the interests of our executives with our stockholders by rewarding performance that leads to the creation of stockholder value.

To achieve these objectives in the future, we expect that our Board of Directors and compensation committee will evaluate our executive compensation program with the goal of setting and maintaining compensation at levels that are justifiable based on each executive’s level of experience, performance and responsibility and that the board believes are competitive with those of other companies in our industry and our region that compete with us for executive talent. In addition, we expect that our executive compensation program will tie a substantial portion of each executive’s overall compensation to key strategic, financial and operational goals. We have provided, and expect to continue to provide, a portion of our executive compensation in the form of stock options and restricted stock that vest over time, which we believe helps to retain our executives and aligns their interests with those of our stockholders by allowing them to participate in the longer term success of our company as reflected in stock price appreciation.

Use of Compensation Consultants and Market Benchmarking

For purposes of determining total compensation and the primary components of compensation for our executive officers in 2024 and 2025, we did not retain the services of a compensation consultant or use survey information or compensation data to engage in benchmarking. In the future, we expect that our compensation committee will consider publicly available compensation data for national and regional companies in the laser cleaning industry to help guide its executive compensation decisions at the time of hiring and for subsequent adjustments in compensation. Even if we retain the services of an independent compensation consultant to provide additional comparative data on executive compensation practices in our industry and to advise on our executive compensation program generally, our Board of Directors and future compensation committee will ultimately make their own decisions about these matters.

Beginning in 2026, we expect that our annual cash bonus program will be based upon the achievement of specified annual corporate and individual goals that will be established in advance by our Board of Directors or compensation committee. We expect that our annual cash bonus program will emphasize pay-for-performance and will be intended to closely align executive compensation with achievement of specified operating results as the amount will be calculated on the basis of percentage of corporate goals achieved. The performance goals established by our compensation committee are based on our business strategy and the objective of building stockholder value. We expect that there will be three steps to determine if and the extent to which an annual cash bonus is payable to a named executive officer. First, at the beginning of the year, our compensation committee will determine the target annual cash incentive award for the named executive officer based on a percentage of the officer’s annual base salary for that year. Second, the compensation committee will establish the specific performance goals, including both corporate and individual objectives, that must be met for the officer to receive the award. Third, shortly after the end of the year, the compensation committee will determine the extent to which

these performance goals were met and the amount of the award. Our compensation committee works with our chief executive officer to develop corporate and individual goals that they believe can be reasonably achieved with hard work over the course of the year and will target total cash compensation, consisting of base salaries and target annual cash bonuses.

Stock-Based Awards

Our equity award program is the primary vehicle for offering long-term incentives to our executives. While we do not have any equity ownership guidelines for our executives, we believe that equity grants provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. In addition, the vesting feature of our equity awards contributes to executive retention by providing an incentive for our executives to remain in our employment during the vesting period. Currently, our executives are eligible to participate in our 2019 Stock Incentive Plan, which we refer to as the 2019 Plan. Following the consummation of this offering, our employees and executives will be eligible to receive stock-based awards pursuant to our 2019 Plan. Under our 2019 Plan, executives will be eligible to receive grants of stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and other stock-based equity awards at the discretion of our Board of Directors.

Our employee equity awards have typically been in the form of stock options. Because our executives profit from stock options only if our stock price increases relative to the stock option's exercise price, we believe stock options provide meaningful incentives for our executives to achieve increases in the value of our stock over time. While we currently expect to continue to use stock options as the primary form of equity awards that we grant, we may in the future use alternative forms of equity awards, such as restricted stock and restricted stock units. To date, we have generally used equity awards to compensate our executive officers in the form of initial grants in connection with the commencement of employment. In the future, we also generally plan to grant equity awards on an annual basis to our executive officers. We may also make additional discretionary grants, typically in connection with the promotion of an employee, to reward an employee, for retention purposes or in other circumstances recommended by management.

We normally grant stock awards that will vest 25% of the shares on the first anniversary of the grant date and with respect to the remaining shares in approximately equal quarterly installments through the fourth anniversary of the grant date. Vesting ceases upon termination of employment and exercise rights cease shortly after termination of employment. Prior to the exercise of a stock option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights or the right to receive dividends or dividend equivalents.

We have granted, and going forward expect to grant, stock options with exercise prices that are set at no less than the fair value of shares of our Common Stock on the date of grant as determined by our Board of Directors.

Benefits and Other Compensation

We believe that establishing competitive benefit packages for our employees is an important factor in attracting and retaining highly qualified personnel. We expect to maintain broad-based benefits that are provided to all employees, including health and dental insurance, life and disability insurance. All of our executives are eligible to participate in all of our employee benefit plans, in each case on the same basis as other employees.

In certain circumstances, we award cash signing bonuses or may reimburse relocation expenses when executives first join us. Whether a signing bonus is paid or relocation expenses are reimbursed, and the amount of either such benefit, is determined by our Board of Directors on a case-by-case basis based on the specific hiring circumstances and the recommendation of our chief executive officer.

Severance and Change in Control Benefits

Pursuant to agreements we expect to enter into with certain of our executives, these executives will be entitled to specified benefits in the event of the termination of their employment under specified circumstances, including termination following a change in control of our company.

We believe providing these benefits helps us compete for executive talent. Based on the substantial business experience of the members of our Board of Directors, we believe that our severance and change in control benefits are generally in line with severance packages offered to executives by companies at comparable stages of development in our industry and related industries.

Risk Considerations in Our Compensation Program

Our Board of Directors determines with the Company's management the philosophy and standards on which our compensation plans are implemented across our Company. It is our belief that our compensation programs do not, and in the future will not, encourage inappropriate actions or risk taking by our executive officers. We do not believe that any risks arising from our employee compensation policies and practices are reasonably likely to have a material adverse effect on our company. In addition, we do not believe that the mix and design of the components of our executive compensation program will encourage management to assume excessive risks. We believe that our current business process and planning cycle fosters the behaviors and controls that would mitigate the potential for adverse risk caused by the action of our executives. We believe that the following aspects of our executive compensation program that we plan to implement will mitigate the potential for adverse risk caused by the action of our executives:

- annual establishment of corporate and individual objectives for our performance-based cash bonus programs for our executive officers, which we expect to be consistent with our annual operating and strategic plans, designed to achieve the proper risk/reward balance and not require excessive risk taking to achieve;
- the mix between fixed and variable, annual and long-term and cash and equity compensation, which we expect to be designed to encourage strategies and actions that balance our short-term and long-term best interests; and
- equity incentive awards that vest over a period of time, which we believe will encourage executives to take a long-term view of our business.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, generally disallows a tax deduction for compensation in excess of \$1,000,000 per person paid to a publicly traded company's chief executive officer and three other most highly paid officers, other than the chief financial officer.

We account for equity compensation paid to our employees in accordance with Financial Accounting Standards Board ("FASB"), Accounting Standard Codification ("ASC") Topic 718, *Compensation-Stock Compensation* ("ASC 718"), which requires us to measure and recognize compensation expense in our financial statements for all share-based payments based on an estimate of their fair value over the service period of the award. We record cash compensation as an expense at the time the obligation is accrued.

<u>Name and Principal Occupation</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Wayne Tupuola, <i>Chief Executive Officer</i>	2025	225,879	-	250,000	-	-	475,879
	2024	200,000	-	-	-	-	200,000
Carlos Sardinias <i>Chief Financial Officer</i> ¹	2025	215,887	-	125,000	-	-	340,887
	2024	180,000	-	-	-	-	180,000
John Armstrong, <i>Executive Vice President</i>	2025	114,571	-	-	-	-	114,571
	2024	170,000	-	-	-	-	170,000

(1) Carlos Sardinias entered into an Offer Letter Agreement with the Company on April 8, 2024, and resigned as Chief Financial Officer on January 8, 2026.

(2) John Armstrong resigned as Executive Vice President of the Company on July 25, 2025.

Summary Compensation Table

The following table reflects compensation paid or awarded to our named executive officers during the fiscal years ended December 31, 2024 and 2025.

<u>Name and Principal Occupation</u>	<u>Year</u>	<u>Salary</u> <u>(\$)</u>	<u>Bonus</u> <u>(\$)</u>	<u>Stock</u> <u>Awards</u> <u>(\$)</u>	<u>Option</u> <u>Awards</u> <u>(\$)</u>	<u>All Other</u> <u>Compensation</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Wayne Tupuola, Chief Executive Officer	2025	225,879		250,000			475,879
	2024	200,000					200,000
Carlos Sardinias Chief Financial Officer ¹	2025	215,887		125,000			340,887
	2024	180,000					180,000
John Armstrong, Executive Vice President	2025	114,571					114,571
	2024	170,000					170,000

- (1) Carlos Sardinias entered into an Offer Letter Agreement with the Company on April 8, 2024, and resigned as Chief Financial Officer on January 8, 2026.
- (2) John Armstrong resigned as Executive Vice President of the Company on July 25, 2025.

Grants of Plan-Based Awards

Jade Barnwell, our former CFO who resigned on December 20, 2023, received on February 27, 2024, 17,008 shares of our Common Stock under a compensation agreement.

Outstanding Equity Awards

There were no outstanding equity awards held by our named executive officers as of December 31, 2023, December 31, 2024, and December 31, 2025.

Clawback Policy

In November 2023, our Board of Directors adopted a policy regarding the recovery of erroneously awarded compensation (“Clawback Policy”) in accordance with the applicable rules of Nasdaq and Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended. In the event we are required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under U.S. securities laws or otherwise erroneous data or if we determine there has been a significant misconduct that causes material financial, operational or reputational harm, we shall be entitled to recover a portion or all of any incentive-based compensation, if any, provided to certain executives who, during a three-year period preceding the date on which an accounting restatement is required, received incentive compensation based on the erroneous financial data that exceeds the amount of incentive-based compensation the executive would have received based on the restatement.

Our Clawback Policy is administered by our Compensation Committee, and the Compensation Committee has the authority, in accordance with the applicable laws, rules and regulations, to interpret and make determinations necessary for the administration of the Clawback Policy, and may forego recovery in certain instances, including if it determines that recovery would be impracticable.

Nonqualified Deferred Compensation

We do not maintain any nonqualified deferred compensation plans.

Defined Contribution Plan

We do not currently have a defined contribution plan.

Stock Option and Other Employee Benefit Plans

The purpose of the 2019 Plan is to advance the interests of our stockholders by enhancing our ability to attract, retain and motivate persons who are expected to make important contributions and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of our stockholders.

2019 Stock Incentive Plan

History. On December 2, 2019, the Board of Directors approved and on December 3, 2019, the stockholders approved the 2019 stock incentive plan (the “2019 Plan”) under which employees, officers, directors and consultants are eligible to receive grants of stock options, stock appreciation rights (“SAR”), restricted or unrestricted stock awards, restricted stock units, performance awards, other stock-based awards, or any combination of the foregoing. The Plan authorizes up to 10,000,000 shares of our Common Stock for stock-based awards.

Administration. The 2019 Plan is administered by the Board of Directors or the committee or committees as may be appointed by the Board of Directors from time to time (the “Administrator”). The Administrator determines the persons who are to receive awards, the types of awards to be granted, the number of shares subject to each such award and the terms and conditions of such awards. The Administrator also has the authority to interpret the provisions of the 2019 Plan and of any awards granted there under and to modify awards granted under the 2019 Plan. The Administrator may not, however, reduce the price of options or stock appreciation rights issued under the 2019 Plan without prior approval of the Company’s shareholders.

Eligibility. The 2019 Plan provides that awards may be granted to employees, officers, directors and consultants of the Company or of any parent, subsidiary or other affiliate of the Company as the Administrator may determine. A person may be granted more than one award under the 2019 Plan.

Shares that are subject to issuance upon exercise of an option under the 2019 Plan but cease to be subject to such option for any reason (other than exercise of such option), and shares that are subject to an award granted under the 2019 Plan but are forfeited or repurchased by the Company at the original issue price, or that are subject to an award that terminates without shares being issued, will again be available for grant and issuance under the 2019 Plan.

Terms of Options and Stock Appreciation Rights. The Administrator determines many of the terms and conditions of each option and SAR granted under the 2019 Plan, including whether the option is to be an incentive stock option or a non-qualified stock option, whether the SAR is a related SAR or a freestanding SAR, the number of shares subject to each option or SAR, and the exercise price of the option and the periods during which the option or SAR may be exercised. Each option and SAR is evidenced by a grant agreement in such form as the Administrator approves and is subject to the following conditions (as described in further detail in the 2019 Plan):

Vesting and Exercisability. Options, restricted shares and SARs become vested and exercisable, as applicable, within such periods, or upon such events, as determined by the Administrator in its discretion and as set forth in the related grant agreement. The term of each option is also set by the Administrator. However, a related SAR will be exercisable at the time or times, and only to the extent, that the option is exercisable and will not be transferable except to the extent that the option is transferable. A freestanding SAR will be exercisable as determined by the Administrator but in no event after 10 years from the date of grant.

Exercise Price. Each grant agreement states the related option exercise price, which, in the case of SARs, may not be less than 100% of the fair market value of the Company’s shares of Common Stock on the date of the grant. The exercise price of an incentive stock option granted to a 10% stockholder may not be less than 110% of the fair market value of shares of the Company’s Common Stock on the date of grant.

Method of Exercise. The option exercise price is typically payable in cash, Common Stock or a combination of cash of Common Stock, as determined by the Administrator, but may also be payable, at the discretion of the Administrator, in a number of other forms of consideration.

Recapitalization; Change of Control. The number of shares subject to any award, and the number of shares issuable under the 2019 Plan, are subject to proportionate adjustment in the event of a stock dividend, spin-off, split-up, recapitalization, merger, consolidation, business combination or exchange of shares and the like. Except as otherwise provided in any written agreement between the participant and the Company in effect when a change in control occurs, in the event an acquiring company does not assume plan awards (i) all outstanding options and SARs shall become fully vested and exercisable; (ii) for performance-based awards, all performance goals or performance criteria shall be deemed achieved at target levels and all other terms and conditions met, with award payout prorated for the portion of the performance period completed as of the change in control and payment to occur within 45 days of the change in control; (iii) all restrictions and conditional applicable to any restricted stock award shall lapse; (iv) all restrictions and conditions applicable to any restricted stock units shall lapse and payment shall be made within 45 days of the change in control; and (v) all other awards shall be delivered or paid within 45 days of the change in control.

Other Provisions. The option grant and exercise agreements authorized under the 2019 Plan, which may be different for each option, may contain such other provisions as the Administrator deems advisable, including without limitation, (i) restrictions upon the exercise of the option and (ii) a right of repurchase in favor of the Company to repurchase unvested shares held by an optionee upon termination of the optionee's employment at the original purchase price.

Amendment and Termination. The Administrator, to the extent permitted by law, and with respect to any shares at the time not subject to awards, may suspend or discontinue the 2019 Plan or amend the 2019 Plan in any respect; provided that the Administrator may not, without approval of the stockholders, amend the 2019 Plan in a manner that requires stockholder approval.

Recapitalization; Change of Control. The number of shares subject to any award, and the number of shares issuable under the 2019 Plan, are subject to proportionate adjustment in the event of a stock dividend, spin-off, split-up, recapitalization, merger, consolidation, business combination or exchange of shares and the like. Except as otherwise provided in any written agreement between the participant and us in effect when a change in control occurs, in the event an acquiring company does not assume plan awards (i) all outstanding options and SARs shall become fully vested and exercisable; (ii) for performance-based awards, all performance goals or performance criteria shall be deemed achieved at target levels and all other terms and conditions met, with award payout prorated for the portion of the performance period completed as of the change in control and payment to occur within 45 days of the change in control; (iii) all restrictions and conditional applicable to any restricted stock award shall lapse; (iv) all restrictions and conditions applicable to any restricted stock units shall lapse and payment shall be made within 45 days of the change in control; and (v) all other awards shall be delivered or paid within 45 days of the change in control.

Other Provisions. The option grant and exercise agreements authorized under the 2019 Plan, which may be different for each option, may contain such other provisions as the Administrator deems advisable, including without limitation, (i) restrictions upon the exercise of the option and (ii) a right of repurchase in favor of us to repurchase unvested shares held by an optionee upon termination of the optionee's employment at the original purchase price.

Amendment and Termination of the 2019 Plan. The Administrator, to the extent permitted by law, and with respect to any shares at the time not subject to awards, may suspend or discontinue the 2019 Plan or amend the 2019 Plan in any respect; provided that the Administrator may not, without approval of the stockholders, amend the 2019 Plan in a manner that requires stockholder approval.

Director Compensation

Under our non-employee director compensation policy adopted in November 2023, our independent directors in 2024 and 2025 were paid \$30,000 in each year in cash compensation, 20,000 shares of Common Stock in 2025 and will receive in 2026 a yet to be determined number shares of restricted stock. Additionally, the Company will reimburse them for their reasonable expenses incurred in connection with attending our board of directors and committee meetings. In the future, we may also grant stock options to our independent directors.

Limitation of Liability and Indemnification

Our certificate of incorporation provides that we are authorized to provide indemnification and advancement of expenses to our directors, officers and other agents to the fullest extent permitted by Delaware General Corporation Law.

In addition, our certificate of incorporation limits the personal liability of directors for breach of fiduciary duty to the maximum extent permitted by the Delaware General Corporation Law and provides that no director will have personal liability to us or to our stockholders for monetary damages for breach of fiduciary duty or other duty as a director. However, these provisions do not eliminate or limit the liability of any of our directors for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Any amendment to or repeal of these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to such amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

Our certificate of incorporation also provides that we must indemnify our directors and officers and we must advance expenses, including attorneys' fees, to our directors and officers in connection with legal proceedings, subject to very limited exceptions.

We maintain a general liability insurance policy that covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers.

Certain of our non-employee directors may, through their relationships with their employers, be insured or indemnified against certain liabilities incurred in their capacity as members of our Board of Directors.

Compensation Committee Interlocks and Insider Participation

None of our officers currently serves, or has served during the last completed fiscal year, on the compensation committee or Board of Directors of any other entity that has one or more officers serving as a member of our Board of Directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information as of March 17, 2026, regarding the beneficial ownership of our Common Stock by the following persons:

- each person or entity who, to our knowledge, owns more than 5% of our Common Stock;
- our named executive officers;
- each current director; and
- all of our current executive officers and directors as a group; and

There were 32,544,703 shares of our Common Stock outstanding on March 17, 2026. Beneficial ownership has been determined in accordance with the rules of the Securities and Exchange Commission. Except as indicated by the footnotes below, we believe, based on the information furnished, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of Common Stock that they beneficially own, subject to applicable community property laws.

In computing the number of shares of Common Stock beneficially owned by a person and the percentage ownership of that person, shares of Common Stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of January 8, 2026, are deemed outstanding. These shares of Common Stock, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person.

Each person named in the table has sole voting and investment power and that person's address is c/o Laser Photonics Corporation, 250 Technology Park, Lake Mary, FL 32746.

<u>Name of Beneficial Owner¹</u>	<u>No. of Shares</u>	<u>% of Total Shares Outstanding</u>	<u>% of Total Voting Power</u>
5% or Greater Stockholders			
ICT Investments, LLC ²	4,438,695	13.6%	13.6%
Fonon Drone Shield Solutions, Inc. ²	3,000,000	9.2%	9.2%
Fonon Technologies, Inc. ²	935,000	2.9%	2.9%
Fonon Quantum Technologies, Inc. ²	3,000,000	9.2%	9.2%
Named Executive Officers and Directors:			
Wayne Tupuola	601,760	1.8%	1.8%
John Armstrong ³	-	-	-
Carlos Sardinas ⁴	125,000	* %	* %
Tim Miller	-	-	-
Troy Parkos	-	-	-
Carlos M. Gonzalez	-	-	-
All Officers and Directors as a Group	601,760	1.8%	1.8%
*Represents less than 1%			

- (1) Unless otherwise indicated, the address of such individual is c/o the Company.
- (2) Dmitriy Nikitin has significant voting power for all matters that are submitted to a vote of the Company's shareholders since he currently owns approximately 34% of the outstanding voting shares of the Company's common stock through his ownership of all membership interests of ICT Investments which is the controlling entity of Fonon Drone Shield Solutions, Inc., Fonon Quantum Technologies and Fonon Technologies, Inc.
- (3) On July 25, 2025, John Armstrong resigned as Executive Vice President.
- (4) On January 8, 2026, Carlos Sardinas resigned as Chief Financial Officer of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following are summaries of certain provisions of our related party agreements and are qualified in their entirety by reference to all of the provisions of such agreements. Because these descriptions are only summaries of the applicable agreements, they do not necessarily contain all of the information that you may find useful. We therefore urge you to review the agreements in their entirety. Copies of the forms of the agreements have been filed as exhibits to the registration statement and are available electronically on the website of the SEC at www.sec.gov.

In addition to the compensation arrangements, including employment, termination of employment and change in control arrangements, with our directors and executive officers, including those discussed in the sections titled "Management" and "Executive Compensation," the following is a description of each transaction since January 1, 2024 or any currently proposed transaction in which:

- we have been or are to be a party to;
- the amount involved exceeded or exceeds \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

For information on our compensation arrangements, including employment, termination of employment and change in control arrangements, with our directors and executive officers, see the section titled "Executive Compensation".

Since December 31, 2024, we have engaged in the following transactions in an amount that exceeds \$120,000 with our directors, executive officers, holders of more than 5% of our voting securities, and affiliates or immediately family members of our directors, executive officers and holders of more than 5% of our voting securities, and our co-founders. We believe that all of these transactions were on terms as favorable as could have been obtained from unrelated third parties.

ICT Investments provides the Company accounting services and various management services on an as needed basis. For the three months ended September 30, pursuant to an arrangement with ICT Investments, the Company had not paid these services but had recorded payables for \$39,903 for accounting services, and \$70,460 for other services. Any distribution between Laser Photonics and ICT must be distributed to an affiliate company. The Company owes \$72,196 for services to Fonon Technologies, Inc.

ICT Investments currently owns approximately 14% of the outstanding shares of our Common Stock, Fonon Drone Shield Solutions, Inc., an affiliate of ICT Investments, currently owns approximately 3% of the outstanding shares of our Common Stock, Fonon Quantum Technologies owns approximately 9% of the outstanding shares of our Common Stock and Fonon Technologies owns approximately 9% of the outstanding shares of our Common Stock and collectively are our majority stockholders. Dmitry Nikitin has significant voting power for all matters that are submitted to a vote of the Company's shareholders since he currently owns approximately 34% of the outstanding voting shares of the Company's common stock through his ownership of all membership interests of ICT Investments which is the controlling entity of Fonon Drone Shield Solutions, Inc., Fonon Quantum Technologies and Fonon Technologies, Inc.

On April 3, 2025, April 16, 2025, June 20, 2025, July 8, 2025, and July 12, 2025, the "Company received from ICT Investments, the owner of the majority of outstanding shares of the Company's common stock, unsecured loans in the principal amount of \$200,000, \$400,000, \$20,000, \$101,000, and \$30,000 respectively, to assist Laser Photonics in meeting certain expenses, including payroll. Laser Photonics issued promissory notes, with interest at \$20,000, \$40,000, \$2,000, \$10,000 and \$3,000 respectively, and a maturity date of May 31, 2025, June 30, 2025, August 30, 2025, September 8, 2025, and September 12, 2025, respectively. The unpaid principal balance of ICT loans as of September 30, 2025, was \$751,000. The unpaid interest balance of ICT loans as of September 30, 2025, was \$75,000.

During the year ended December 31, 2025, the Company recorded total revenue of \$420,089 from its affiliate, Fonon Technologies, Inc. The revenue recognition has been realized according to ASC 606.

On March 31, 2025, ICT Investments, LLC ("ICT"), an affiliated company under common control, acquired inventories and machinery and equipment from ARCH Cutting Tools – Flushing, LLC ("ARCH"), related to their Beamer Laser Marking Systems ("Beamer") product line, for total cash consideration of \$255,824. The transaction was accounted for as an asset acquisition rather than a business combination, as the assets acquired did not meet the definition of a business. The purchase price was allocated to the acquired assets based on their relative cost, which resulted in recording of \$238,054 of inventories and \$17,770 of machinery and equipment, as of the date of acquisition. The purchased assets were subsequently transferred to Fonon Quantum Technologies, Inc. ("FQTI"), an affiliate of both ICT and the Company.

On August 5, 2025, the Company entered into an Asset Purchase Agreement with FQTI, to acquire the Beamer assets. Under the terms of the Asset Purchase Agreement, the Company issued 3,000,000 restricted shares of its common stock with a fair value of \$8,400,000 (valued at \$2.80 per share as of the close of market on August 5, 2025), as payment for the assets acquired of \$255,824, resulting in a deemed dividend of \$8,144,176 for the year ended December 31, 2025. The Company recorded net sales and cost of goods sold of \$645,578 and \$106,350, respectively, representing the net sales and cost of goods sold realized by FQTI during the period March 31, 2025 through August 5, 2025. Furthermore, the sales were recognized as distributions to affiliates in the accompanying statement of stockholders' equity (deficit).

Because the transaction was between entities under common control (ICT controls both the Company and FQTI), the acquisition was accounted for in accordance with ASC Topic 805-50, "*Transactions Between Entities Under Common Control*". The Company accounted for the asset purchase as if it had acquired the Beamer assets from ARCH on March 31, 2025. The Company recorded net sales and cost of goods sold of \$645,758 and \$106,350, respectively, representing the net sales and cost of goods sold realized by FQTI during the period March 31, 2025 through August 5, 2025. The Beamer assets are recognized at their historical carrying amounts rather than at fair value as of March 31, 2025, and no goodwill was recorded. Comparative prior-period financial statements were not restated.

Total Assets, Liabilities and Common Stock acquired for Common Control:

Assets

Inventory	\$	238,054
Property, plant and equipment		17,770

Stockholder Equity

Stockholder Equity (3,000,000 common shares at \$2.80 per share)		(8,400,000)
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Deemed Dividend for Common Control Acquisition

	\$	<u>(8,144,176)</u>
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Since the date of incorporation on November 8, 2019, the Company has engaged in the following transactions with our directors, executive officers, holders of more than 5% of its voting securities, and affiliates or immediately family members of its directors, executive officers, and holders of more than 5% of our voting securities, and its co-founders. The Company believes that all these transactions were on terms as favorable as could have been obtained from unrelated third parties.

Indemnification

Our certificate of incorporation in effect upon the consummation of this offering provides that we may indemnify our directors and officers to the fullest extent permitted by Delaware law. Our certificate of incorporation provides that we must indemnify our directors and officers to the fullest extent permitted by Delaware law and must advance expenses, including attorneys' fees, to our directors and officers in connection with legal proceedings, subject to very limited exceptions. In addition, we have entered into indemnification agreements with our directors. See "Compensation Discussion and Analysis-Limitation of Liability and Indemnification" for additional information regarding these indemnification provisions and agreements.

Policies and Procedures for Related Person Transactions

Our Board of Directors has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds \$120,000, and one of our executive officers, directors, director nominees or 5% stockholders (or their immediate family members), each of whom we refer to as a "related person," has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a "related person transaction," the related person must report the proposed related person transaction to our chief legal officer or, in the event we do not have a chief legal officer, to our principal financial officer. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by the audit committee of our Board of Directors. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the committee will review, and, in its discretion, may ratify the related person transaction. The policy also permits the chairman of the committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings, subject to ratification by the committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the committee after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the committee will review and consider:

- the related person's interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The committee may approve or ratify the transaction only if the committee determines that, under all of the circumstances, the transaction is not inconsistent with our best interests. The committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC’s related person transaction disclosure rule, our Board of Directors has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

- interests arising solely from the related person’s position as an executive officer of another entity (whether or not the person is also a director of such entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction and (c) the amount involved in the transaction equals less than the greater of \$200,000 or 5% of the annual consolidated gross revenues of the other entity that is a party to the transaction; and
- a transaction that is specifically contemplated by provisions of our charter or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the compensation committee in the manner specified in its charter.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Our independent registered public accounting firm is M&K CPAS PLLC and predecessor Fruci & Associates,

The following is the breakdown of aggregate fees for the last two fiscal years.

	Year Ending December 31,	
	2025	2024
Audit Fees	\$ 143,870	\$ 105,076
Audit Related Fees		
Tax Fees		
All Other Fees		
Total	\$ 143,870	\$ 105,076

It is our policy to engage the principal accounting firm to conduct the financial audit for our company and to confirm prior to such engagement, that such principal accounting firm is independent of our company when required by SEC rules and regulations. All services of the principal accounting firm reflected above were approved by the Board of Directors.

- “Audit Fees” are fees paid for professional services for the audit of our financial statements.

- “Audit-Related fees” are fees paid for professional services not included in the first category, specifically, SAS 100 reviews, SEC filings and consents, and accounting consultations on matters addressed during the audit or interim reviews, and review work related to quarterly filings.

- “Tax Fees” are fees primarily for tax compliance in connection with filing US income tax returns.

- “All other fees” related to the reviews of Registration Statements on Form S-1

Audit Committee Pre-Approval Policies

The charter of our Audit Committee provides that the duties and responsibilities of our Audit Committee include the pre-approval of all audit, audit-related, tax, and other services permitted by law or applicable SEC regulations (including fee and cost ranges) to be performed by our independent registered public accountant. Any pre-approved services that will involve fees or costs exceeding pre-approved levels will also require specific pre-approval by the Audit Committee. Unless otherwise specified by the Audit Committee in pre-approving a service, the pre-approval will be effective for the 12-month period following pre-approval. The Audit Committee will not approve any non-audit services prohibited by applicable SEC regulations or any services in connection with a transaction initially recommended by the independent registered public accountant, the purpose of which may be tax avoidance and the tax treatment of which may not be supported by the Code and related regulations.

To the extent deemed appropriate, the Audit Committee may delegate pre-approval authority to the Chairman of the Audit Committee or any one or more other members of the Audit Committee provided that any member of the Audit Committee who has exercised any such delegation must report any such pre-approval decision to the Audit Committee at its next scheduled meeting. The Audit Committee will not delegate the pre-approval of services to be performed by the independent registered public accountant to management.

Our Audit Committee requires that the independent registered public accountant, in conjunction with our Chief Financial Officer, be responsible for seeking pre-approval for providing services to us and that any request for pre-approval must inform the Audit Committee about each service to be provided and must provide detail as to the particular service to be provided.

All of the services provided above under the caption "Audit-Related Fees" were approved by our Board of Directors or by our Audit Committee pursuant to our Audit Committee's pre-approval policies.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES INDEX TO FINANCIAL STATEMENTS

Financial Statements filed as part of this Form 10-K:

Laser Photonics, Corporation December 31, 2025 and 2024 Audited Financial Statements

Report of Independent Registered Accounting Firm Balance Sheet

Consolidated Statement of Operations

Consolidated Balance Sheets

Consolidated Statement of Stockholders' Equity

Consolidated Statement of Cash Flows

Notes to Financial Statements

Exhibits.

See the Exhibit Index immediately following the signature page to this Annual Report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Laser Photonics Corporation

April 20, 2026

By: /s/ Wayne Tupuola

Name: Wayne Tupuola

Title: President and Chief Executive Officer
(Principal Executive Officer)

April 20, 2026

By: /s/ Michael Lockey

Name: Michael Lockey

Title: Controller
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

- 3.1+ [Certificate of Incorporation of the Registrant](#)
- 3.2 [Certificate of Amendment to the Certificate of Incorporation of the Registrant. \(Incorporated by reference to Exhibit 3.2 in the Registrant's Form 10-K/A filed September 12, 2024\).](#)
- 3.3+ [Bylaws of the Registrant](#)
- 4.1+ [Specimen Stock Certificate evidencing the shares of Common Stock](#)
- 10.1*+ [Laser Photonics Corporation 2019 Stock Incentive Plan](#)
- 10.2+ [Sublease Agreement dated December 1, 2019 between Laser Photonics Corporation and ICT Investments, LLC](#)
- 10.3 [Exclusive License Agreement dated January 1, 2020 between Laser Photonics Corporation and ICT Investments, LLC \(Incorporated by reference to Exhibit 10.3 in the Registrant's Form 10-K/A filed September 12, 2024\).](#)
- 14.1 [Code of Ethics \(Incorporated by reference to Exhibit 14.1 in the Registrant's Form 10-K filed March 26, 2021\)](#)
- 19.1 [Insider Trading Policy](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\) or 15d-14 of the Securities Exchange Act of 1934](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14\(a\) or 15d-14 of the Securities Exchange Act of 1934](#)
- 32.1 [Section 1350 Certification of Chief Executive Officer](#)
- 32.2 [Section 1350 Certification of Chief Financial Officer](#)
- 97.1 [Incentive Compensation Recoupment Policy \(incorporated by reference to Exhibit 97.1 in the Registrant's Form 10-K filed April 19, 2024\)](#)
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.INS Instance Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

* Indicates management contract or compensatory plan

+ Incorporated by reference to the Company's Form 10 filed with the Securities and Exchange Commission on April 30, 2020

-Oxley Act of 2002 and is not being filed as a separate disclosure document.