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, 2022**
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

LASER PHOTONICS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**84-3628771**
State or other jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
1101 N. Keller Road, Suite G Orlando, FL	**32810**
Address of Principal Executive Offices	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, $0.01 PAR VALUE

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock	LASE	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 be 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. ☐

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	☐	Accelerated filer	☐
Non-accelerated Filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of December 31, 2022, and as of the date this Form 10-K is filed with the Securities and Exchange Commission, the Registrant's common stock is trading on the NASDAQ under the ticker symbol "LASE".

As of December 31, 2022, there were 7,878,419 shares of the registrant's Common Stock outstanding. Unless otherwise noted and other than in our financial statements and the notes thereto, the share and per share information reflects a reverse stock split of our outstanding common stock at a ratio of 1-for 6 shares that occurred in December 2021 and is reflected retroactively in the accompanied financial statements in accordance with ASC 260-10-55-12 which requires retroactive presentation.

RECENT IPO

On October 4, 2022, the Company closed on an IPO in which it issued 3,000,000 additional shares of common stock at an offer price of $5.00 per share. The shares trade on the NASDAQ under the ticker symbol, "LASE." Including this issuance, there were 7,878,419 shares outstanding as of December 31, 2022.

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.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed in connection with the solicitation of proxies for its 2023 annual meeting of stockholders are incorporated by reference into Items 10, 11, 12, 13, and 14 under Part III hereof.

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PART I

ITEM 1. BUSINESS

OVERVIEW

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- 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 every industry dealing with materials processing, including automotive, aerospace, healthcare, consumer products, shipbuilding, aerospace, heavy industry, machine manufacturing, nuclear maintenance and de-commissioning and surface coating.

We believe that our laser cleaning technology, which we refer to as Laser Blasting™, is one of the most exciting and transformational innovations of our time. It has the capacity to change the way society combats corrosion, nuclear contamination (transmutation), material surface preparation, rust removal, equipment and engine maintenance and repair, as well as myriad number of other industrial processes, currently employing unhealthy, dangerous, and environmentally hazardous old technologies. Our mission is to make laser blasting accessible to operation personnel in every industry involved in any type of material treatment. In doing so, we believe we will empower businesses to adopt radical new approach to design, produce, maintain and repair equipment utilizing cleaner, safer, energy efficient and more cost-effective laser-based technologies to outcompete and outperform competitors using obsolete 19th century technologies. With our state-of-the-art technology, small service companies working in high-growth industries can achieve superior financial results that will propel future global economic growth.

At this moment, “do no harm” corporate social responsibility initiatives have combined with legislative and social initiatives to safeguard the health of workers, while protecting the environment, and lowering carbon emissions. In the case of the world’s largest single market for industrial laser cleaning—the United States—legislative and regulatory crackdown on the use of abrasives blasting, coupled with official government policy requiring government agencies to Buy American products whenever possible are barriers to entry for most companies trying to compete in the industrial laser cleaning equipment market.

By introducing our cleaner, safer, energy efficient, and more cost-effective laser-based technologies to replace antiquated hazard-prone abrasives blasting methods--sandblasting, abrasive blasting, grinding, chemical etching and the use of toxic chemical solvents-- we believe that we are positioned with the right technology, at the right time, and in the right place to provide the solution that will disrupt the abrasives blasting industry.

In contrast to abrasive cleaning, laser cleaning is a non-contact and non-abrasive process to remove contaminants or impurities on the surface of metals by physically removing the upper layer of the substrate using laser irradiation and where a desired depth can be achieved with a high degree of accuracy and throughput. We expect to introduce the new laser-based transmutation process into maintenance and decommissioning of nuclear facilities, as studies have shown that metal surfaces in those facilities have been exposed to radiation and that the radioactivity is primarily located in the oxide layer. Accordingly, we propose to develop the decontamination of metallic surfaces by laser ablation which consists of ejecting surface contamination using high energy pulses and trapping ablated matter (the impurities removed from the metal’s surface) in a filter to avoid its release into the environment. We believe that laser cleaning has many advantages over abrasive cleaning methods such as the minimization of secondary waste, the absence of effluents and the reduction of the exposure of workers to toxic waste through automation of the cleaning process.

Our potential to capitalize on this significant opportunity set is rooted in our deep experience in, and our commitment to, research and development. Our engineering efforts are led by a team of world-renowned experts in advanced manufacturing, material science and engineering. Our in-house R&D team is led by Igor Vodopiyanov, a PhD particle physicist who served as a lead subject matter expert at the CERN Large Hadron Collider, and who managed the Hadron Calorimeter Calibration and Condition Group of the CMS Collaboration, members of the particle physics community from across the globe in a quest to advance humanity’s knowledge of the very basic laws of our Universe.

Our announced laser blasting solutions are as follows:

Handheld Laser Blasting™: We offer the widest line of Class IV handheld laser blasting equipment in the world, from 20W (watt) to 3000W system, including the world’s most powerful production Laser Blaster™ on the market—the Jobsite 2000—to the even more powerful JobSite 3000 which debuts at Aviation Week’s MRO Americas 21 trade show at the end of April 2021. We have under development our most powerful laser blasting equipment, our 4000W handheld system.

Laser Blasting Cabinet: This affordable and safe solution is configured as a fully enclosed Class 1 workspace, designed to replace sandblasting enclosures, along with their noise, dust, media storage, replenishment and clean-up requirements. The Blasting Cabinet is ideal for companies of any size that use abrasive blasting or chemical baths to clean parts or prepare materials.

Class I Laser Blasting Systems: Our Mega Center and Titan lines of Class I Laser Blasting Systems are designed with mass production in mind. These production line-capable systems are designed with automation control and automated materials-loading capabilities to allow for maximum throughput on assembly lines for high production/high precision environments.

Robotic Laser Blasting Cells with AI: Robots are intended to lighten the workload for us humans. We achieve this with user programmable AI (UPAI) driving our C-Robots. Line workers can quickly and easily program these precision robots to complete complex and repetitive tasks in high throughput production environments.

We initiated our sales effort in December 2019. By December 31, 2022, we had gross sales of $5,078,539 and net sales of $4,954,689. We sell our products globally to end users, and principally to Fortune 1000 companies, as well as to agencies of the U.S. Government.

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.

We market our products globally through our direct sales force located in the United States and a few sales representatives located in Europe, Japan and South Asia.

We have an exclusive license agreement with ICT Investments. Under the terms of this agreement, we have a perpetual, worldwide, exclusive license to sell the Laser Photonics™ branded equipment for laser cleaning and rust removal. Through our affiliation with ICT, its portfolio companies and their customers, we have instant 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.

At our core, we are a company of innovators. We are led by visionary technologists and a team of proven leaders with experience bringing emerging technologies to market across the hardware, materials and software sectors. We believe that our technologies have the potential to empower engineers and designers to adopt laser blasting as the only known alternative to sand blasting and to drive new application discovery as well as to provide manufacturers with reliable and high-performance solutions that will facilitate their production capabilities and maintenance, repair and operations (“MRO”).

Our principal executive offices are located at 1101 N. Keller Rd., Suite G, Orlando, Florida 32810, and our telephone number is (407) 804-1000.

Our Market

Our market encompasses the industrial de-painting, surface preparation, coating and corrosion control space. This includes media blasting or sandblasting, dry ice blasting and laser cleaning or laser blasting. According to Global Market Insights, the laser cleaning market value is estimated at $9 billion in 2021 and projected to be $12 billion by 2025, which includes laser cleaning for maintenance repair operations. Market growth is driven by the increasing demand for robotic cleaning technology, growth in the automotive industry, as well as demand in construction and metalworking industries.

In addition, we see the greatest opportunity for growth in the disruption of the global abrasives blasting media and equipment markets, cumulatively worth $46 billion. Media blasting is used in nearly every heavy industry, but for health, environmental and safety reasons, media blasting is being regulated into obsolescence. A safer alternative, albeit not without risks, is dry ice blasting. It is expensive to operate, and like media blasting, it is prone to equipment failure.

In light of the regulatory pressures on media blasting and the higher costs of both media blasting and dry ice blasting, we believe that efficient laser cleaning or laser blasting will disrupt the blast cleaning market and emerge as the clean, efficient and low-cost alternative blast cleaning method.

We offer the latest generation of laser material processing equipment for a variety of industrial markets and applications, including for defense, space exploration, aerospace, automotive, medical, industrial, electronic and agriculture markets.

We believe that the laser cleaning equipment market has even a greater potential for growth in light of the size of the $10 billion abrasive cleaning market, and the ancillary $1 billion sandblasting media market, which are being pressured into obsolescence from regulatory agencies and the demands of labor tasked with cleaning industrial equipment. These market pressures, driven by health, safety and environmental concerns, are accelerating the replacement of abrasive blasting and laser cleaning is emerging as the safe, clean, efficient and affordable alternative.

The growth of the laser cleaning market is attributable to the benefits it provides over traditional cleaning methods, such as abrasive media blasting, dry-ice blasting, and chemical cleaning processes, all of which are inherently hazardous to the health of workers, as well as to the environment since they generate a considerable amount of potentially harmful waste.

Our laser cleaning equipment also facilitates our customers' compliance with the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA) regulations to protect the health of workers using conventional abrasive blasting equipment. The current OSHA permissible exposure limit (PEL) for respirable crystalline silica (quartz) is 100µg/m3 as an 8-hour time-weighted average (TWA).

All of our Class I product enclosures are built and labeled to meet or exceed the guidelines established by the Food and Drug Administration's (FDA) Center for Devices and Radiological Health (CDRH) that regulates the manufacture of radiation emitting electronic products. The CDRH does not issue certificates of compliance. Instead, the CDRH relies on a system of self-certification. That certification of compliance is based on a prescribed testing program that ensures that safety standards have been met. In accordance with HHS Publication FDA 86-8260, COMPLIANCE GUIDE FOR LASER PRODUCTS, we follow the FDA CDRH published reporting guidelines for the testing and certification of laser products. This includes submitting required reports to CDRH, including Annual Reports summarizing required records, including product names, model numbers, and lasers medium or wavelengths. In compliance with CDRH guidelines, we maintain records of each product produced and sold.

Our Market Opportunity

Just one of the global markets, the MRO industry, has a total market value of $150.64 billion as of 2021, with forecast revenue of $178.85 billion for 2028. Annual Pentagon spending on corrosion control alone is forecast to be $22 billion.

The North America MRO distribution market size was valued at $142.65 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 2.9% from 2021 to 2028 according to a report by Grand View Research, Inc. Various initiatives by manufacturers to attain optimum efficiency are expected to drive market growth over the forecast period. MRO distribution is one of the critical components of the industry, which is necessary to eliminate downtime. As a result, industries initiate multiple scheduled and preventive maintenance processes. Industries, where supply activities have little direct accountability, might be driven by stock-outs rather than to any overarching supply chain plan.

Of the anticipated $178.85 billion MRO market in North America in 2028, $46 billion is spent on corrosion control using media blasting and chemical processes that are under regulatory and market pressures to be phased out because of their known harmful effects on workers and the environment. These pressures, driven by health, safety and environmental concerns, are accelerating the replacement of abrasive blasting and laser cleaning is emerging as the safe, clean, efficient and affordable alternative.

Our business is disruptive and in the very beginning of its lifespan and expansion. We have a unique opportunity to displace abrasives and dry-ice blasting with an accepted and readily adopted alternative. We believe that we have taken very effective actions to develop and offer to the market the broadest range of laser cleaning and blasting equipment in the very beginning of the unfolding of this market opportunity. We believe that we will be rewarded for this strategy through explosive growth of sales, together with the expansion of the market in accordance with the wide acceptance of the laser blasting as a new industry standard.

Industry Background

Conventional sandblasting processes have numerous shortcomings. For this reason, the abrasives blasting (sandblasting) market in North America is under extreme pressure to phase out the nineteenth-century sandblasting method of industrial cleaning to safeguard both workers and the environment. In 2019 alone there were 2,500 violations of respirator protection which were included in OSHA's top ten violations. Government regulators (EPA, FDA and OSHA) all recognize the term "silica" refers broadly to the mineral compound silicon dioxide (SiO_2), which can be crystalline or amorphous in molecular structure. The Silica standards apply only to crystalline silica - not amorphous silica. Quartz is the most common form of crystalline silica, and cristobalite is also sometimes encountered in the workplace. OSHA's focus was on the issues related to the inhalation of respirable dust, which is generally defined as particles that are capable of reaching the pulmonary region of the lung (i.e., particles less than 10 microns (μm) in aerodynamic diameter), in the form of either quartz or cristobalite. Exposure to crystalline forms of silica is associated with a number of health effects, including silicosis derived from the use of abrasive sand blasting are severely curtailing media blasting activities. They are quick to levy hefty fines for non-compliance.

Crystalline Silica dust has been identified by the EPA as a human lung carcinogen. In reaction to the greater awareness of its dangers, OSHA has targeted silica sand blasting as a primary, yet preventable, source for silicosis disease. Their efforts at enforcement of current regulations, as well as new, and tighter laws, mean any contractor attempting to use silica-based media (sand) will be targeted. Accordingly, the use of "sand" blasting has declined over the years. Now, with OSHA's new standard looming, those that are still relying on this technology are scrambling to find alternatives that meet these new particulate limits. Recently, Levi Strauss & Co. and H&M announced a global ban on sandblasting in all of their product lines, across all of their brands. In addition, some countries, such as the United Kingdom, and major cities, including Victoria, Canada and Queensland, Australia, have banned abrasive sandblasting.

For centuries, the techniques and equipment used for surface cleaning or renewal in industrial applications have remained the same. The demand for improvements, however, has grown dramatically in recent years. Laser technology is now replacing conventional abrasive and chemical processes in many applications, such as rust removal, de-painting, degreasing, activation, restoration, pre-/post-welding joint cleaning, surface preparation, decontamination, and rejuvenation. As a cleaning technique, lasers are increasingly popular because they are precise, controllable, and efficient, and they generate low waste. Additionally, low waste and high efficiency are the primary reasons that laser cleaning is now considered the "greenest" or most environmentally friendly approach to surface cleaning. The only waste created is dust particles, which can be easily collected and removed.

Our Growth Strategy

Our strategy is to expand our product offerings with a focus on integrated solutions that make laser blasting suitable for production applications and accessible to a broad audience. The key elements of our strategy for growth include the following:

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.

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 with an emphasis developing standard systems applicable for variety of markets and applications. 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 de-contamination equipment for the nuclear industry and laser blasting cabinets for the general manufacturing industry.

Extend Our Distribution Channels and Reach.

We have an inside sales force actively marketing in the Americas (North, Central and South America). In addition, we have a network of outside sales reps in North America, as well as international representation in Europe (based in Czech Republic), Asia (based in Japan), and the Middle East and North Africa (based in UAE). We intend to add distributers based on geographic coverage and sales capacity, as well as to develop industry-specific expertise to drive penetration in vertical markets such as automotive, aerospace, defense, energy and manufacturing. We expect to continue building out sales channels for capital equipment by partnering with additional volume distributors of equipment and hardware, as well as to expand our internal sales infrastructure and online sales presence. To augment the reach of our distribution network, we intend to grow our direct sales efforts focused primarily on serving major accounts and expanding our footprint within Fortune 500 companies and government organizations worldwide.

Broaden Our Diverse, Global Customer Base.

We expect to develop a global diversified customer base and broaden customer relationships 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.

Promote Awareness Through Training and Education.

As businesses increasingly embrace laser blasting over the next decade, we intend to educate the market on best practices for adoption of the technology across the entire product life cycle. Our leadership position provides a platform to deliver this education both for our existing customers and the market as a whole. Such education is a critical component of our sales and marketing efforts. We believe businesses that are well-informed or that have firsthand experience of the benefits of our laser blasting solutions relative to conventional manufacturing are more likely to purchase and expand their use of our products and services over time. To drive such awareness, we are developing rich laser blasting content and curricula for delivery through both online and in-person media, including classes, programs, certifications, and professional services. We also intend to develop global centers of excellence, leveraging our own headquarters in conjunction with our distribution network's presences, to serve as showrooms, learning facilities and focal points for laser blasting-focused professional services.

Pursue Strategic Acquisitions and Partnerships.

We intend to selectively pursue acquisitions and/or equity investments in businesses that represent a strategic fit and are consistent with our overall growth strategy. Such partnerships would allow us to accelerate market penetration of our laser blasting solutions by enabling expansion of our product portfolio, access to new markets, and a stronger value proposition for our customers while delivering margin improvements and increased customer lifetime value. We believe that because of our core focus on engineering and technology development as well as our unique distribution network, we will be able to integrate and drive adoption of new technologies and capabilities acquired via strategic partnerships.

Our Competitive Strengths

We are an early pioneer in the laser blasting industry with a mission to make the technology accessible to all material processing manufacturers and maintenance and repair facilities in both commercial and military applications. We believe our collective expertise coupled with the following competitive strengths, will allow us to maintain and extend a leadership position in the next-generation of laser blasting equipment and expand our market opportunities.

We also have established a base of customers among several U.S. Government agencies which we expect to expand. Each branch of the U.S. military, including the Army, Air Force, Navy, Marines, and the Coast Guard, has purchased laser cleaning systems from us. In addition, NASA and the Veteran's Administration are also among our customers. We believe that our laser cleaning equipment has been well-received by our current U.S. Government customers from which we are already receiving repeat orders. As the only U.S.-based manufacturer of high-powered, portable industrial laser cleaning systems capable of addressing the Pentagon's never-ending battle with rust, we believe that we are well-positioned to increase our sales to the U.S. Government, especially in light of the Pentagon alone having to spend between $21 billion to $22.9 billion per year on rust control, and corrosion-related repairs on equipment, from trucks and tanks to aircraft and other ships. See https://www.bloomberg.com/news/articles/2011-06-02/the-high-cost-of-waging-war-on-rust The U.S. Navy alone spends $3 billion per year fighting corrosion. See https://www.military.com/daily-news/2020/01/13/battle-against-rust-3-billion-problem-navy.html. The U.S. military is proving to be not only a receptive early adopter of the technology, but also as a proving ground and showcase for our products. This arises from the need to continually maintain, repair and overhaul equipment (MRO) while eliminating maintenance delays that effect force readiness. Corrosion and the lack of spare parts are among the most significant maintenance issues for the Pentagon.

A Recognized Pioneer and Leading Developer of Fiber Laser Material Processing Technology

As a pioneer and technology leader in laser material processing, combined with our deep knowledge of material properties, we are able to develop laser cleaning products that reduce its operating costs for our customers and drive the proliferation of lasers to address existing and new applications.

Track Record of World Class Product Development and Commercialization

Through their combined engineering and operational experience in the laser photonics industry, our C-level management team and board members have accumulated decades of relevant and practical industrial laser equipment development experience. They have developed and advanced a number of materials processing technologies applicable to the laser photonics industry and our vertical markets.

Vertically Integrated Application Center, Equipment Development and Manufacturing

We develop and manufacture most of our critical assemblies, subassemblies and components, including motion systems, integrated lasers, specialty components, frames, cabinets and proprietary optical assemblies. We also develop our software for use with our laser systems. We have our own engineering, procurement, manufacturing and assembly operations as a part of our vertically integrated manufacturing process. Integration of our application and research and development groups with our manufacturing capability provides our customers with a competitive edge in achieving their manufacturing goals using our laser material processing systems.

Accumulated Diversified Expertise

We have extensive know-how in mathematical and physical processes of materials behavior and equipment modeling, industrial electronics, laser systems, materials and computer science which enables us to make our market-specific laser material processing equipment, machine operating software, motion and vision systems and other critical assemblies, subassemblies and components.

Manufacturing Scale

We have invested extensively in our production and lean manufacturing capabilities allowing us to deliver large volumes of lasers systems in short delivery cycles which provides us with a competitive advantage.

Diverse Customer Base, End Markets and Applications

We intend to further develop our diverse customer base, multi-market and multi-product business model given the broad application of our laser cleaning equipment, its competitive pricing and high quality that will not have us dependent on the performance of a specific market sector.

Broad Product Portfolio

Our diverse lines of laser cleaning equipment are used in work environments 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. We offer our customers a range of solutions spanning multiple price points, throughput levels, operating environments and technologies to enable businesses to find and use the laser blasting solution for their specific goals. Our broad product portfolio covers a spectrum of use cases, scaling with customer needs from entry-level, office-friendly laser blasting systems for high surface integrity finishing of components to high-end, high throughput industrial laser blasting systems for low-cost mass production applications. In addition, it eliminates the need for customers to source products for different processes from multiple vendors, giving us a market advantage relative to competitors that have a more limited set of products and solutions.

The Only U.S. Manufacturer with a Wide Range of Laser Blasting Equipment

Although no single publication lists all the companies manufacturing industrial laser cleaning equipment, to our knowledge all laser cleaning products of the other companies selling laser cleaning equipment are manufactured abroad. Of our competitors, only Laserax manufactures in North America; but in Canada, not the United States. Our success will depend on investment in marketing resources and the successful implementation of our marketing plan. Our marketing plan may include attendance at trade shows and making private demonstrations, advertising and promotional materials and advertising campaigns in print and/or broadcast media. To our knowledge, only Laser Photonics designs, manufactures, sells, and services industrial laser cleaning onshore in the United States.

On January 25, 2021, President Biden signed an executive order to further his “Buy American” agenda which aims to bolster U.S. manufacturing through the federal procurement process. Our “Made in America” industrial laser systems meet the President’s “Buy American” requirement for U.S. Government agencies to contract with U.S. companies whenever possible. Currently, our products are the only industrial laser cleaning systems designed and built in the United States. As the only industrial laser cleaning equipment manufacturer currently meeting the “Buy American” requirement, we expect to benefit from preferential consideration over the few other companies competing 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 knowhow, trade secrets and proprietary technologies. We believe that we possess the 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 follow: 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 Laser Blasting™:

We offer the widest line of Class IV handheld laser blasting equipment in the world, from 20W (watts) to the 3000W system, including the world's most powerful production Laser Blaster™ on the market—the Jobsite 2000—to a more powerful JobSite 3000 which debuted during Aviation Week's MRO Americas 21 trade show in April, 2021. We are developing an even more powerful 4000W handheld system. The CleanTech™ 2000-CTH Jobsite is a 2000W handheld laser cleaning machine and surface preparation system designed to remove rust, paint and other impurities from steel, aluminum, iron, and many more surface types. The 2000-CTH Jobsite provides five different pulse laser patterns that provide flexibility when operating the laser in different applications across different surface types.

We also offer the CleanTech™ EZ-Rider Handheld Roughing & Finishing Lasers which are a high-performance, military-grade, fast, and efficient laser cleaning tool. The EZ-RIDER is based on next-generation technology. Laser Photonics designed the EZ-RIDER to be a heavy-duty industrial grade laser cleaning and surface treatment system for large areas requiring cleaning, de-painting and other surface preparations. The system starts immediately when the key is turned ON and the touch screen allows you to choose from five pre-programmed cleaning patterns for control and flexibility. The CleanTech™ EZ-Rider is based on our years of experience building handheld lasers for marking and engraving applications. Our systems are designed to be standalone units, so no personal computer is required. The CleanTech™ EZ-Rider can be coupled with industrial robots and placed inside safety work cells with interlocks for full compliance with OSHA and FDA CDRH regulations.

Laser Blasting Cabinet

The laser blasting cabinet is configured as a fully enclosed Class 1 work space designed to replace sandblasting enclosures, along with their noise, dust, media storage, replenishment and clean-up requirements. The Blasting Cabinet is intended to serve companies of any size that use abrasive blasting or chemical baths to clean parts or prepare materials. The CleanTech™ Laser Blaster Cabinet is a self-contained, industrial-grade laser cleaning machine. This system is the only laser cleaning machine in the world that incorporates the exclusive power of a fiber laser with a handheld laser-blasting head inside a fully enclosed 30" x 26" work space. This system is designed for speed, precision, safety and flexibility. It is the only laser-blasting cabinet manufactured in compliance with CDRH FDA and OSHA regulatory compliance. With the CleanTech™ Laser Blaster Cabinet, companies can eliminate harmful dust, noise, hazardous chemicals and contaminants caused by use of abrasive blasting or chemical baths.

Class I Laser Blasting Systems

Our Mega Center and Titan lines of Class I Laser Blasting Systems are designed with mass production in mind. These production line-capable systems are designed with automation control and automated materials-loading capabilities to allow for maximum throughput on assembly lines for high production, high precision environments. The CleanTech Titan Series Laser Blasting System is a high power, large format laser parts cleaning, rust removal, and surface conditioning system with up to 6′ x12′ working envelope. The industrial, turn-key laser cleaning system operates as a standalone unit or can be easily integrated into a production line environment. Included in the CleanTech product line are the CleanTech Titan Express, CleanTech MegaCenter and the portable CleanTech Handheld which is useful in the field or on the factory floor. The CleanTech Systems operate in full compliance with OSHA, FDA and CDRH staconforming to “Push a Button” laser safety industrial operation. The CleanTech Systems offer CE Certified Class 1 enclosure for the Class 4 lasers.

CleanTech™ Laser Cleaning Robot with AI

With our user programmable AI (UPAI) incorporated in our C-Robots, factory line workers can quickly and easily program these precision robots to complete complex and repetitive tasks in high throughput production environments. The CleanTech™ Laser Cleaning Robot is the first commercially available collaborative, easily programmable, AI-capable laser cleaning system in the United States. Designed for precise positioning and tight focusing of the laser beam, laser cleaning processes are optimized to operate on much lower laser powers than those used by handheld laser cleaners. This allows for dramatic cost reduction of laser cleaning, making it affordable for the majority of industrial companies. It also reduces concerns over safety for the factory line workers since the robot can perform multiple tasks at the same time when equipped with AI module, 3D scanner and visualizer, vision system and Class 1 Safety shroud or enclosure.

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. No single customer has accounted for more than 10% of our total revenue from inception to date.

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 ended December 31, 2022, we achieved sales of $4,954,689 and employed four salesmen. We have a marketing and sales budget equal to 10% of our gross sales, and a new product promotional budget of $1,000,000 for 2023.

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 to the owners of our custom laser systems that they 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

In the laser cleaning market, the competition is fragmented with a few competitors that are small or privately owned, or which compete with us on a limited geographic, industry, or application specific basis. Nonetheless, our markets are highly competitive and characterized by rapid advances in technology, evermore demanding customer requirements, and reduced average selling prices as smaller, integrated components replace aging technologies. Our most significant competitors are P-Laser and Clean-Lasersysteme GmbH (operating through the distributor Adapt Laser Systems in the United States) as well as smaller companies, including Laserax and 4 Jet. Some of our competitors are increasing the output powers of their fiber lasers to compete with our high-powered, industrial grade products.

We also compete with end-users who 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 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, IPG Photonics, 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 of 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 of 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 February 15, 2022, we had 23 full time employees and one part-time employee. Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants.

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 a number of U.S. Government agencies and entities, principally all branches of the U.S. military. We must comply with, and are affected by, laws and regulations relating to 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 the 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.

Facility

On December 1, 2019, we entered a sub-lease with ICT Investments for 5,000 sf of manufacturing space on a month-to-month basis at $4,050 per month. In January of 2020, we expanded the lease with ICT Investments to include the entire facility of 18,000 sf. In October of 2021, a direct lease was signed with the landlord for three years, terminating on October 31, 2024. The facility is currently equipped with three of our latest advanced laser cleaning demonstration models. It includes a materials stock room, a ramp and high dock, loading and moving equipment, a machine shop, an electronics room, and an equipment assembly area. The monthly rent for this facility is currently $15,549.

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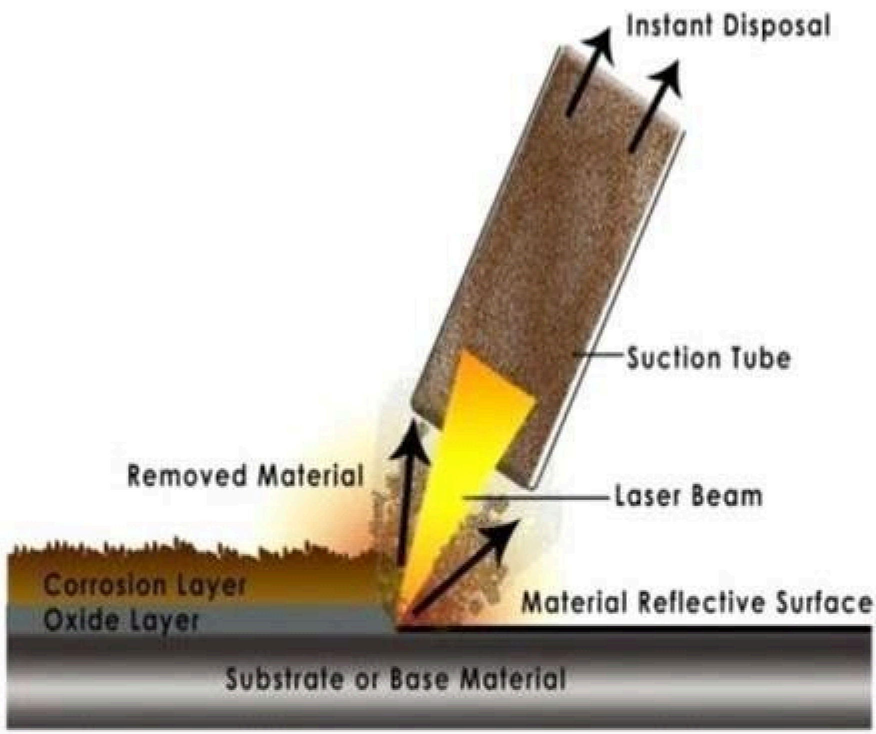
In December of 2022, we entered into an agreement with 2701 Maitland Building Associates to rent 8,000 sf of additional office space nearby the main facility, for our growing sales and marketing program. The monthly rent for this space is currently $14,805.

Our facility is currently equipped with three of our latest advanced laser cleaning demonstration models.



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Laser Blaster Systems

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 have a limited operating history so there is a lack of historical data on which to determine whether we can be a commercially viable company.
- We are competing in 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.
- 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 in the course of 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 have an extremely limited operating history.

With respect to the manufacturing and sale of laser-based cleaning equipment, we are still akin to a start-up company with limited historical sales of our laser-based cleaning products. There is little historical basis with which to make judgments regarding the capabilities of our enterprise to produce a widely commercially accepted product leading to ongoing and growing profitability.

We may need to raise additional capital.

While we expect that the funds from our IPO will meet our financing requirements for the next two to three years, 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 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 have a large amount of intangible assets, and if these assets become impaired, our earnings would be adversely affected.

We have a substantial amount of intangible assets, representing approximately 15% of our total assets as of December 31, 2022. While we amortize our intangible assets, they may be subject to impairment testing. If we experience any significant impairment to our intangible assets, it may have a material adverse effect on our reported financial results for the period in which the charge is taken and could result in a decrease in the market price of our common stock.

The Coronavirus pandemic could delay or eliminate current and future purchase orders for our laser-based cleaning equipment that could prevent us from achieving our business plan.

As the Covid-19 outbreak and the associated global response continue to evolve, our financial condition, liquidity, and operational results could be jeopardized. Our operations entail the soliciting of additional purchase orders from new and existing customers alike; meanwhile, the Covid-19 outbreak could reduce or eliminate the demand for our equipment as a result of factory closures or slowdowns on the part of our customers, disrupt supply lines, cause employee absences, precipitate travel restrictions, and otherwise impair the demand for our equipment. As a consequence, our sales pipeline could shrink and our business outlook might deteriorate if we are unable to adjust to a reduction in cash flow and raise more capital on acceptable terms.

We may be unable to respond to rapid technology 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 failure to compete away eventual new entrants will affect overall business prospects and the product itself. Therefore, if we are able to 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 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.

In order 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 expenditures 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 as a result 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 into joint ventures, teaming and other arrangements, and these activities involve risks and uncertainties.

We expect to enter into 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 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 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.

Less than 5% of our U.S. revenues in 2022 were from sales and services rendered directly or indirectly to the U.S. Government; however, we expect to grow that to 25% in the next 12 months to two years. Our business with the U.S. Army, Navy and Air Force has been defense related, and our anticipated future revenues from the U.S. Government are expected to result from contracts awarded under various U.S. Government programs, primarily defense-related programs with the Department of Defense (DoD) and other departments and agencies. Cost cutting including through consolidation and elimination of duplicative organizations and insurance has become a major initiative for DoD. The funding of our programs is subject to the overall U.S. Government budget and appropriation decisions and processes which are driven by numerous factors, including geo-political events and macroeconomic conditions. The overall level of U.S. defense spending increased in recent years for numerous reasons, including increases in funding of operations in Iraq and Afghanistan. However, with the winding down of both wars, defense spending levels are becoming increasingly difficult to predict and are expected to be affected by numerous factors. Such factors include priorities of the presidential administration and the Congress, and the overall health of the U.S. and world economies and the state of governmental finances.

The Budget Control Act of 2011, along with five subsequent budget agreements, established spending caps for discretionary defense spending and nondefense discretionary (NDD) spending for ten fiscal years, from FY2012-FY2021, which led to a decade of relative austerity. These spending caps operated under what was called a "principle of parity," requiring equivalent cuts to defense and nondefense programs. With the BCA expired, an opportunity now exists to substantially increase funding for NDD spending, without a concomitant increase in defense spending, necessarily. Given the potential impasse over raising the debt ceiling, we are not able to predict the impact of budget policy on our company or our financial results. However, we expect that budgetary constraints and concerns related to the national debt will continue to place downward pressure on DoD spending levels which might reduce, delay or cancel funding for certain of our contracts - particularly those with unobligated balances - and programs, and could adversely impact our operations, financial results and growth prospects.

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 of time. 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 as a result 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 recompeted. 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 as a result 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.

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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 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 also 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 to 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 do issue 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 on 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 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 the 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 the course of 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 (3) 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 accommodations 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.

Our largest stockholder, ICT Investments, owns approximately 60% 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 ended 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.

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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 state 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 the SEC's rules and forms. We may need to hire additional financial reporting, internal controls and other financial personnel in order 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 in order to comply with these requirements. We anticipate that these costs will materially increase our selling, 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, 2022. 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 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 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 2. PROPERTIES

On December 1, 2019, we entered a sub-lease with ICT Investments for 5,000 sf of manufacturing space on a month-to-month basis at $4,050 per month. In January 2020, we expanded the lease with ICT Investments to include the entire facility of 18,000 sf. In October 2021, we signed a direct lease with the landlord for three years, terminating on October 31, 2024. The monthly rent for this facility is currently $15,549.

In December of 2022, we entered into an agreement with 2701 Maitland Building Associates to rent 8,000 sf of additional office space nearby the main facility, for our growing sales and marketing program. The monthly rent for this space is currently $14,805.

ITEM 3. LEGAL PROCEEDINGS

None.

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 January 15, 2023, there were 2,685 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, 2021.

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**
Equity compensation plans approved by security holders	0	None	10,000,000

(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.

Set forth below is information regarding shares of common stock issued, and options granted, from January 1, 2022 to January 15, 2023:

On July 24, 2022: 25,000 Incentive Stock Options ('ISOs') were issued to Tim Schick, CFA. The options vest over four (4) years and are exercisable at $5.00 per share.

On December 12, 2022: 180,000 warrants were issued to the following members of Alexander Capital, the Underwriter of the IPO. The warrants are exercisable at $6.00 per share, between March 28, 2023 and September 29, 2027:

Christopher Carlin -	72,250
Jonathan Gazdak -	55,250
Rocco Guidicipietro -	21,250
Joseph Amato -	21,250
Matt Rista -	10,000

On October 4th 2022 we entered into a marketing agreement with TraDigital Marketing Group. In accordance with the contract we will issue to TraDigital in 2023 350,000 Shares of Common stock in full satisfaction of the balance due on our agreement, reflected in Accrued Expenses at December 31, 2022 in the amount of $829,500 ($2.37 per share, the company's closing stock price on the contract date).

The offer, sale and issuance of the securities described in the paragraphs above were deemed to be exempt from registration under the Securities Act in reliance on Rule 506 of Regulation D in that the issuance of securities to the accredited investors did not involve a public offering. Each of the recipients of the securities in this transaction acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of these securities in this transaction was an accredited investor under Rule 501 of Regulation D.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and related notes and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K. The data for the years ended December 31, 2022 and 2021, is derived from our audited financial statements and related notes included elsewhere in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results for any future period.

Statement of Operations Data:

	Year Ended December 31,	
	2022	**2021**
Statement of operations data:		
Net Sales	$ 4,954,689	$ 4,190,709
Cost of Sales	2,087,703	2,059,298
Gross Profit	2,866,987	2,131,411
Operating Expenses	3,846,909	1,520,279
Income (Loss) from Operations	(979,922	611,132
Interest Expense	24,426	49,351
Other (Income) Expense	(6,887)	(22,682)
Income Tax Provision	0	68
Net Income (Loss)	$ (997,461)	$ 584,394
Income (Loss) per Common Share (1)	$ (.18)	$ .12

(1) Reflective of a 1-for-6 reverse stock split of common stock that occurred in December 2021.

	December 31,	
Balance sheet data:	**2022**	**2021**
Cash	$ 12,181,799	$ 615,749
Total Assets	$ 19,694,592	$ 6,860,350
Current Liabilities	$ 1,715,897	$ 392,431
Total Liabilities	$ 2,203,459	$ 1,299,444

	Year Ended December 31,	
	2022	**2021**
Cash flows data:		
Net cash provided by (used in) operating activities	$ (736,971)	$ 1,375,287
Net cash provided by (used in) investing activities	(45,655)	(229,465)
Net cash provided by (used in) financing activities	12,348,676	(856,786)
Net change in cash and cash equivalents	$ 11,566,050	$ 289,036

	Year Ended December 31,	
	2022	2021
Other financial data (unaudited):		
EBITDA[1]	$ (627,744	$ 1,030,060
Adjusted EBITDA[2]	$ 1,244,375	$ 1,030,060

Summary Financial Information (continued):

In addition to providing financial measurements based on generally accepted accounting principles in the United States (GAAP), we provide the following additional financial metrics that are not prepared in accordance with GAAP (non-GAAP): EBITDA and adjusted EBITDA. Management uses these non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate our financial performance. We believe that these non-GAAP financial measures help us to identify underlying trends in our business that could otherwise be masked by the effect of certain expenses that we exclude in the calculations of the non-GAAP financial measures.

Accordingly, we believe that these non-GAAP financial measures reflect our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business and provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects.

These non-GAAP financial measures do not replace the presentation of our GAAP financial results and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP. There are limitations in the use of non-GAAP measures, because they do not include all the expenses that must be included under GAAP and because they involve the exercise of judgment concerning exclusions of items from the comparable non-GAAP financial measure. In addition, other companies may use other non-GAAP measures to evaluate their performance, or may calculate non-GAAP measures differently, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison.

(1) *EBITDA*. EBITDA is a non-GAAP financial measure used by management, lenders, and certain investors as a supplemental measure in the evaluation of some aspects of a corporation's financial position and core operating performance. Investors sometimes use EBITDA, as it allows for some level of comparability of profitability trends between those businesses differing as to capital structure and capital intensity by removing the impacts of depreciation and amortization. EBITDA also does not include changes in major working capital items, such as receivables, inventory and payables, which can also indicate a significant need for, or source of, cash. Since decisions regarding capital investment and financing and changes in working capital components can have a significant impact on cash flow, EBITDA is not necessarily a good indicator of a business's cash flows. We use EBITDA for evaluating the relative underlying performance of our core operations and for planning purposes. We calculate EBITDA by adjusting net income to exclude net interest expense, income tax expense or benefit, depreciation and amortization, thus the term "Earnings Before Interest, Taxes, Depreciation and Amortization" and the acronym "EBITDA."

(2) ADJUSTED EBITDA. Adjusted EBITDA is defined as comprehensive income (loss) as reported in our consolidated statements of income excluding the impact of (i) interest expense; (ii) income tax provision; (iii) depreciation and amortization; (iv) stock-based compensation expense; (v) accretion of debt discounts; (vi) other income – forgiveness of Paycheck Protection Program loan; (vii) other financing costs; (viii) loss on extinguishment of debt; (ix) warrant inducement expense; (x) amortization of right-of-use assets; and (xi) change in fair value of derivative liabilities. Our Adjusted EBITDA measure eliminates potential differences in performance caused by variations in capital structures (affecting finance costs), tax positions, the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). We also exclude certain one-time costs associated with our IPO and non-cash costs.

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We believe EBITDA and Adjusted EBITDA are helpful for investors to better understand our underlying business operations. The following table adjusts Net Income (Loss) to EBITDA and Adjusted EBITDA years ended December 31, 2022 and 2021.

	Year Ended December 31,	
	2022	**2021**
Reconciliation of EBITDA:		
Net Income (Loss)	**$ (997,461)**	**$ 584,394**
Add (deduct):		
Interest expense	24,426	49,351
Taxes	0	68
Other	-	-
Depreciation & Amortization	345,291	396,247
EBITDA(1)	$ (627,744)	$ 1,030,060
Other adjustments	1,872,119	-
Adjusted EBITDA(2)	$ 1,244,375)	$ 1,030,060

Reconciliation of Adjusted EITDA	Year Ended December 31,	
	2022	**2021**
Reconciliation of EBITDA:		
EBITDA(1)	$ (627,744)	$ 1,030,060
Post IPO Marketing Contract	1,279,500	-
IPO Costs not included in Net Proceeds	195,119	
Officer IPO Bonus	280,000	
Employee IPO Bonus	117,500	
Total IPO Costs not included in Net Proceeds	1,872,119	
Adjusted EBITDA(2)	$ 1,244,375	$ 1,030,060

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

General

The following discussion and analysis of the results of operations and financial condition of the Company for the years ended December 31, 2022 and 2021 should be read in conjunction with our audited consolidated financial statements and related notes and the description of our business and properties included elsewhere herein.

Overview

Laser Photonics is a vertically integrated manufacturing company for photonics based industrial products and solutions, primarily disruptive laser technologies, mainly premier Laser Blasting equipment. 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.

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 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.

Our vertically integrated operations allow us to reduce manufacturing costs, control quality, rapidly develop and integrate advanced products and protect our proprietary technology.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this Form 10-K. As such, it is uncertain as to the full magnitude that the pandemic will have on our financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, we are not able to estimate the effects of the COVID-19 outbreak on our results of operations, financial condition, or liquidity for fiscal year 2023.

Some of our suppliers from China are likely to decrease production due to factory closures or reduced operating hours in those facilities. While these disruptions may be temporary, continued disruption in the supply chain may lead to our delayed receipt of necessary raw materials, component inventory, and negatively impact sales in fiscal year 2023 and our overall liquidity.

We are dependent on our workforce to deliver our products. Developments such as social distancing and shelter-in-place directives will impact our ability to deploy our workforce effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact sales in fiscal year 2022 and our overall liquidity.

The adverse economic effects of the COVID-19 outbreak are expected not to materially decrease demand for our products based on the restrictions in place by governments trying to curb the outbreak and changes in consumer behavior. However, this may lead to our not achieving our sales goals in fiscal year 2022 and our overall liquidity.

The Covid 19 outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown, which is expected to depress our asset values, including long-lived assets, intangible assets, etc.

Although we cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on our results of future operations, financial position, and liquidity in fiscal year 2023.

Coronavirus Aid, Relief and Economic Security Act

On March 27, 2020, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act includes various income and payroll tax provisions. On April 27, 2020, the Company received a First Draw loan in the amount of $198,750 pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act, and on March 26, 2021, the Company received a Second Draw loan in the amount of $198,750 pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act. The total aggregate amount of PPP Loans received by the Company by March 31, 2022 was $397,500. Under the terms of the PPP, PPP loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. We were not approved for forgiveness in the full amount, and have completely repaid the balance due as of December 31, 2022.

Description of Our Gross Sales, Costs and Expenses

Gross sales. We derive net sales primarily from the growth was driven by increasing demand for our products, partially offset by declines in average sales prices, the introduction of new products, including laser blasting systems and the development of new applications for our products.

We develop our products to standard specifications and use a common set of components within our product architectures. Our major products are based upon a common technology platform. We continually enhance these and other products by improving their components and developing new product designs. Sales of our products are generally recognized upon shipment, provided that no obligations remain and collection of the receivable is reasonably assured.

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Our sales typically are made on a purchase order basis rather than through long-term purchase commitments. We entered into laser equipment sales agreements with customers for specific equipment based on purchase orders and our standard terms and conditions of sale. All revenues are reported net of any sales discounts or taxes. Under our customer contracts or/and purchase orders, we transfer title and risk of loss to the customer and recognize revenue upon shipment. Our customers do not have extended payment terms or rights of return under these contracts.

Cost of Sales. Our cost of sales includes the cost of raw materials and components for manufacturing laser systems and consists of different electronic and optical components such as optical generators, scan heads, connector assemblies and wires, edge seal and adhesives, junction boxes, and other items, such as raw aluminum and aluminum extrusions, steel for tilt brackets and frames, subassemblies, miscellaneous materials, chemicals, support and low cost common parts and components, like tie wraps, insulating tape, shrink wraps, terminals, etc. We are vertically integrated and currently manufacture all critical components for our products as well as assemble finished products. Our cost of sales also includes direct labor, manufacturing overhead (such as engineering labor), equipment maintenance, quality and production control, procurement costs, and warranty costs. Cost of sales does not include depreciation of manufacturing plant and equipment, nor does it include facility-related expenses (such as rent and utilities).

Overall, we expect our cost of goods sold to continue to decrease over the next several years due to an increase in worldwide capacity in fiber laser parts and components, and availability of optical generators, an increase in unit output per production line, and more efficient absorption of fixed costs driven by economies of scale. This expected decrease in cost for laser technology would be partially offset during periods in which we underutilize manufacturing capacity.

Sales and marketing. Our sales and marketing expense consists primarily of costs related to compensation, trade shows, professional and technical conferences, travel, facilities, depreciation of equipment used for demonstration purposes and other marketing costs.

Selling, general, and administrative Expenses. Our general and administrative expense consists primarily of compensation and associated costs for executive management, sales and marketing personnel, outside legal and professional fees, insurance premiums and fees, allocated facilities costs, and other corporate expenses such as charges and benefits related to the change in allowance for doubtful debt.

Gross margin. Our total gross margin in any period can be significantly affected by total net sales in any period, by competitive factors, by product mix, and by other factors such as changes in foreign exchange rates relative to the U.S. Dollar, some of which are not under our control. Gross margin is affected by numerous factors, including our module average selling prices, foreign exchange rates, the existence and effectiveness of subsidies and other economic incentives, competitive pressures, market demand, market mix, our manufacturing costs, product development costs, the effective utilization of our production facilities, and the ramp of production on new products.

Research and development expenses. Our research and development expense consists primarily of compensation, development expenses related to the design of our products and certain components, the cost of materials and components to build prototype devices for testing and facilities costs. Costs related to product development are recorded as research and development expenses in the period in which they are incurred. We acquire equipment for general use in further process developments and record the depreciation of this equipment as research and development expense.

We plan to continue to invest in research and development to improve our existing products and develop new systems and applications technology. We maintain a number of programs and activities to improve our technology and processes in order to enhance the performance and reduce the costs of our laser cleaning modules.

Interest Expense, Net. Interest expense, net of amounts capitalized, is incurred on various debt financings. We capitalize interest expense into our property, plant and equipment, project assets, and deferred project costs when such costs qualify for interest capitalization.

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.

COVID-19 Update. Economic indicators show some improvement from the severe contraction experienced earlier in 2020, which has led to an improvement in the recent demand environment in the United States. Currently, our Orlando, FL production facility in the United States remains open and is operating normally. We have implemented employee safety and sanitization protocols that have impacted productivity and efficiency. 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.

Net sales. Net sales generated in 2022 were fairly level across all four quarters, driven by the constant demand for our products in spite of the economic downturn. Sales were unaffected by market pricing pressures, due to our lower prices, quality control, and proprietary knowhow as compared to other laser cleaning companies with competing technologies.

Gross margin. Our total gross margin in any period can be significantly affected by total net sales in any period, by competitive factors such as product mix, and by other factors, some of which are not under our control. For instance, the gross margin for certain specialty products may be higher because there are fewer or sometimes no equivalent competing products. Further, we expect that some new technologies, products and systems will have returns above our cost of capital but may have gross margins below our corporate average.

Selling, general, and administrative expenses. Selling, general and administrative expenses consist primarily of salaries and other personnel-related costs, professional fees, insurance costs, travel expenses and other selling expenses. We expect selling expenses to increase in the near term to support the planned growth of our business as we expand our sales and marketing efforts.

Research and development expenses. Research and development expenses consist primarily of salaries and personnel-related costs, the cost of products, materials, and outside services used in our process and product research and development activities. We acquire equipment for general use in further process developments and record the depreciation of this equipment as research and development expense. We maintain a number of programs and activities to improve our technology and processes to enhance the performance and reduce the costs of our cleaning laser modules.

Goodwill and long-lived assets impairments. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from use of the assets and their ultimate disposition. In instances where impairment is determined to exist, the Company will write down the asset to its fair value based on the present value of estimated future cash flows.

Major customers. While we would expect to depend on current customers for a large percentage of our annual net sales, the composition of this group can change from year to year. Net sales derived from our current customers as a percentage of our annual net sales were 29% in 2022. New customers accounted for 71% of our net sales in 2022. We seek to add new customers and to expand our relationships with existing customers.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. In general, management's estimates are based on historical experience, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management. These estimates are based on management's historical industry experience and not the company's historical experience.

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. We only apply 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. We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Refunds and returns, which are minimal, are recorded as a reduction of revenue. Payments received by customers prior to our satisfying the above criteria are recorded as unearned income in the combined balance sheets. All revenues were reported net of any sales discounts or taxes.

Inventory — Inventory is stated at the lower of cost (first-in, first-out method) or market value. Inventory includes parts and components that may be specialized in nature and subject to rapid obsolescence. We maintain a reserve for excess or obsolete inventory items. Inventories are written off and charged to cost of goods sold when identified as excess or obsolete. If future sales differ from these forecasts, the valuation of excess and obsolete inventory may change, and additional inventory provisions may be required. Because of our vertical integration, a significant or sudden decrease in sales could result in a significant change in the estimates of excess or obsolete inventory valuation. On December 31, 2022, we recorded an adjustment of $101,698 for obsolescence.

Warranty — We maintain an accrual for warranty claims for units sold that are subject to warranty.

Income Taxes and Deferred Taxes — Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. The net operating loss reported in 2022 will be carried forward to subsequent periods. No deferred tax asset has been recorded.

Goodwill and Long-lived assets impairments. We review our intangible assets and property, plant and equipment for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. We perform our annual goodwill impairment review as of the first day of our fourth quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of an intangible is less than the carrying amount.

Results of Operations

Summary of Statements of Operations for the Years Ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	**2021**
Statement of operations data:		
Net Sales	$ 4,954,689	$ 4,190,709
Cost of Sales	2,087,703	2,059,298
Gross Profit	2,866,987	2,131,411
Operating Expenses	3,846,909	1,520,279
Income (Loss) from Operations	(979,922)	611,132
Interest Expense	24,426	49,351
Other (Income) Expense	(6,887)	(22,682
Income Tax Provision	0	68
Net Income (Loss)	$ (997,461	$ 584,394
Income (Loss) per Common Share (1)	$ (.18)	$ .12

(1) Reflective of a 1-for-6 reverse stock split of common stock that occurred in December 2021.

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Revenue

Revenue was $4,954,689 for the year ended December 31, 2022, as compared to $4,190,709 for the comparable year ended December 31, 2020, representing an increase of $763,981. The revenue increase was due to increased sales for newly developed hi-power laser blasting system. We derive net sales primarily from the growth was driven by increasing demand for our products, partially offset by declines in average sales prices, the introduction of new products, including laser blasting systems and the development of new applications for our products. Our sales typically are made on a purchase order basis rather than through long-term purchase commitments. We entered into laser equipment sales agreements with customers for specific equipment based on purchase orders and our standard terms and conditions of sale. Our largest sales were to Sustainable Solutions, Phoenix Laser Cleaning, Perimmo, Detroit Diesel, and Daimler Trucks for the year ended December 31, 2022.

Gross Profit

For the year ended December 31, 2022, we reported gross profit in the amount of $2,866,987, or 58% of net sales, as compared to $2,131,411, or 51% net sales, in the year ended December 31, 2021. Gross profit increased due to higher sales for periods ended December 31, 2022 compared to period ended December 31, 2021. Gross profit is affected by numerous factors, including our module average selling prices, foreign exchange rates, the existence and effectiveness of subsidies and other economic incentives, competitive pressures, market demand, market mix, our manufacturing costs, product development costs, the effective utilization of our production facilities, and the ramp-up of production on new products. Our cost of sales includes the cost of raw materials and components for manufacturing laser systems. We are vertically integrated and currently manufacture all critical components for our products as well as assemble finished products. Our cost of sales also includes direct labor for manufacturing, and manufacturing overhead such as engineering, equipment maintenance, quality and production control, and procurement costs. Cost of sales does not include depreciation of manufacturing plant and equipment and facility-related expenses.

Overall, we expect our cost of sales to continue to decrease over the next several years due to an increase in worldwide capacity in fiber laser parts and components, and availability of optical generators, an increase in unit output per production line, and more efficient absorption of fixed costs driven by economies of scale. This expected decrease in cost for laser technology would be partially offset during periods in which we underutilize manufacturing capacity.

Operating Expenses

Operating expenses for the year ended December 31, 2022 were $3,846,909 as compared to $1,520,279 for the year ended December 31, 2021, representing an increase of $2,326,630. Our recurring operating expenses have begun to increase commensurate with our efforts to scale the business subsequent to the IPO. As such, the Company is also incurring increased SEC reporting and compliance costs associated with our operations as a public company. The completion of the IPO also resulted in some one-time expenses that were not netted against IPO proceeds, but were treated as current period expenses totalling $1,872,119. Absent these costs, overhead expenses increased by $454,511. The following table summarizes the significant changes in operating expenses for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	**2021**
Operating Expenses:		
Sales & Marketing	$ 1,677,975	$ 410,693
General & Administrative	1,823,643	713,339
Depreciation & Amortization	345,291	396,247
Total Operating Expenses	3,846,909	1,520,279

We expect recurring selling expenses to increase in the near term to support the planned growth of our business as we expand our sales and marketing efforts. In the future, we expect selling, general, and administrative expense to decline as a percentage of net sales, as our net sales grow beyond the fixed costs of the business.

Net Income (Loss)

Net loss for the year ended December 31, 2022, was $997,461, or ($0.18) per share as compared to a net income of $584,394, or earnings per share of $0.12, for the year ended December 31, 2021, with shares reflecting impact of 1-for-6 reverse stock split in December 2021.

Inflation did not have a material impact on our operations for the applicable period. Other than the foregoing, management knows of no trends, demands, or uncertainties that are reasonably likely to have a material impact on our results of operations.

Net Income/Loss per Share

Basic earnings/loss per share is calculated by dividing the loss attributable to stockholders by the weighted-average number of shares outstanding for the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in our earnings (loss). Diluted earnings/(loss) per share is computed by dividing the earnings/loss available to stockholders by the weighted average number of shares outstanding for the period and dilutive potential shares outstanding unless such dilutive potential shares would result in anti-dilution.

	Year Ended December 31,	
	2022	**2021**
Net Income/(Loss)	$ (997,461	$ 584,394
Net Income/(Loss) per Share	(0.18)	0.12
Weighted Average Shares Outstanding, Basic (1)	5,628,419	4,878,419

(1) Includes restatement of year end 2020 for 1-for-6 reverse stock split of common stock that occurred in December 2021.

Liquidity and Capital Resources

The following is a summary of the Company's cash flows provided by (used in) operating, investing, and financing activities for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	**2021**
Net cash provided by (used in) operating activities	$ (736,971)	$ 1,375,287
Net cash provided by (used in) investing activities	(45,655)	(229,465)
Net cash provided by (used in) financing activities	12,348,676	(856,786)
Net change in cash and cash equivalents	11,566,050	$ 289,036
Cash at end of period	12,181,799	615,749

As of December 31, 2022, the Company had $15,223,104 in current assets, comprised of $12,181,799 in cash, $1,347,494 in accounts receivable, and $1,693,810 in inventory, as compared to $2,491,066 in current assets, comprised of $615,749 in cash, $84,365 in accounts receivable, and $1,790,952 in inventory, at December 31, 2021.

As of December 31, 2022, current liabilities totaled $1,715,897 as compared to $392,431 at December 31, 2021. As a result, as of December 31, 2022, the Company had $13,507,297 in total working capital as compared to $2,098,635 at December 31, 2021.

	Year Ended December 31,	
	2022	2021
Cash and Cash Equivalents	$ 12,181,799	$ 615,749
Working Capital (excluding cash and cash equivalents)	1,325,408	1,482,886
Total Working Capital	13,507,297	2,098,635

We anticipate spending an additional $4MM over the next two years, to increase our sales and marketing efforts, as well as to increase our manufacturing capacity. While doing so, we expect to break even in 2023, and return to profitability in 2024. Therefore, we anticipate minimal long-term liquidity needs to support our organic growth, which we expect to achieve using the proceeds of our recent IPO, exclusively.

We must fulfill all of the financial disclosure and reporting requirements of a publicly reporting company. Our management must spend additional time on policies and procedures to ensure compliance with various regulatory requirements, especially that of Section 404 of the Sarbanes-Oxley Act of 2002. The additional corporate governance time required of management could limit the amount of attention management can afford to our business plan, and therefore may delay our anticipated growth plans. Over the next 12 months, we anticipate the marginal cost of being a public company to exceed $600,000.

In January 2020, the Company issued a promissory note to ICT in the principal amount of $439,990 bearing 6% annual interest with a maturity date of January 31, 2023. This note was paid in full as of December 31, 2021.

In October 2020, the Company issued a second promissory note to ICT in the principal amount of $745,438 bearing 6% annual interest with a maturity date of December 31, 2023. This note was paid in full as of December 31, 2022.

In September 2022, the Company issued a promissory note to ICT in the principal amount of $100,000 bearing 10% annual interest with a maturity date of September 29, 2023. This note was paid in full as of December 31, 2022.

Lease Liability

In October 2021, a lease on 18,000 SF facility was signed with the landlord for three years, terminating on October 31, 2024. The monthly rent for this facility is currently $15,549.

In December of 2022, we entered into an agreement with 2701 Maitland Building Associates to rent 8,000 sf of additional office space nearby the main facility, for our growing sales and marketing program. The monthly rent for this space is currently $14,805.

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As of January 1, 2020, we adopted ASU 2016-02 employing the cumulative-effect adjustment transition method, resulting in the recognition on our balance sheet of $832,072 as a right-of-use asset for operating leases, $344,510 as a current operating lease liability, and $487,562 as a lease liability less the current portion.

The maturity amounts of our lease liabilities are as follows:

Year Ending December 31,	Operating leases
2023	$ 330,543
2024	$ 323,721
2025	$ 177,808
Total	$ 832,072

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.

Off-Balance Sheet Arrangements

As of December 31, 2022, we have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

Legal Proceedings

We expect from time to time to be the subject of various claims, lawsuits and other legal and administrative proceedings arising in the ordinary course of business. As of the date of this report we were not subject to any legal threats, proceedings or lawsuits of any nature.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. In general, management’s estimates are based on historical experience, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management. These estimates are based on management’s historical industry experience and not our historical experience.

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. We only apply 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. We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Refunds and returns, which are minimal, are recorded as a reduction of revenue. Payments received by customers prior to our satisfying the above criteria are recorded as unearned income in the combined balance sheets. All revenues were reported net of any sales discounts or taxes.

Inventory — Inventory is stated at the lower of cost (first-in, first-out method) or market value. Inventory includes parts and components that may be specialized in nature and subject to rapid obsolescence. We maintain a reserve for excess or obsolete inventory items. Inventories are written off and charged to cost of goods sold when identified as excess or obsolete. If future sales differ from these forecasts, the valuation of excess and obsolete inventory may change and additional inventory provisions may be required. Because of our vertical integration, a significant or sudden decrease in sales could result in a significant change in the estimates of excess or obsolete inventory valuation. On December 31, 2022, we recorded $101,698 in Inventory Obsolescence.

Warranty — We maintain an accrual for warranty claims for units sold that are subject to warranty.

Income Taxes and Deferred Taxes — Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate.

Goodwill and Long-lived assets impairments. We review our intangible assets and property, plant and equipment for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. We perform our annual goodwill impairment review as of the first day of our fourth quarter, or more frequently if events or circumstances indicate it is more likely than not that the fair value of a reporting unit is less than the carrying amount.

Recent Accounting Pronouncements

The Company evaluates all Accounting Standard Updates (“ASUs”) issued by the Financial Accounting Standards Board (“FASB”) for consideration of their applicability. ASUs not included in our disclosures were assessed and determined to be either not applicable or are not expected to have a material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The guidance removes certain exceptions for recognizing deferred taxes for equity method investments, performing intra period allocation, and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for goodwill and allocating taxes to members of a consolidated group, among others. The guidance is effective for interim and annual reporting periods beginning after December 15, 2020. Early adoption of this standard is permitted, including adoption in interim or annual periods for which financial statements have not yet been issued. The transition requirements are dependent upon each amendment within this update and will be applied either prospectively or retrospectively. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), which is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* was issued by the FASB in July 2018 and allows for a cumulative-effect adjustment transition method of adoption. The new guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those years.

We adopted ASU 2016-02 effective as of January 1, 2020 utilizing the cumulative-effect adjustment transition method of adoption, which resulted in the recognition on our balance sheet of $282,565 of right-of-use assets for operating leases.

The adoption of ASU 2016-02 also required us to include any initial direct costs, which are incremental costs that would not have been incurred had the lease not been obtained, in the right-of-use assets. The recognition of these costs in connection with our adoption of this guidance did not have a material impact on our financial statements.

In June 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". The update removes all incremental financial reporting requirements from GAAP for development stage entities, including the removal of Topic 915 from the FASB Accounting Standards Codification. In addition, the update adds an example disclosure in Risks and Uncertainties (Topic 275) to illustrate one way that an entity that has not begun planned principal operations could provide information about the risks and uncertainties related to our current activities. Furthermore, the update removes an exception provided to development stage entities in Consolidations (Topic 810) for determining whether an entity is a variable interest entity-which may change the consolidation analysis, consolidation decision, and disclosure requirements for a company that has an interest in a company in the development stage. The update is effective for the annual reporting periods beginning after December 15, 2014, including interim periods therein. Early application with the first annual reporting period or interim period for which the entity's financial statements have not yet been issued (Public business entities) or made available for issuance (other entities). We adopted this pronouncement commencing with the year ended December 31, 2019.

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.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Laser Photonics Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Laser Photonics Corporation as of December 31, 2022 and 2021, the related statements of operations, stockholders' equity (deficit), and cash flows for the years 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 as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

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 provides a reasonable basis for our opinion.

/S/ BF Borgers CPA PC
BF Borgers CPA PC (PCAOB ID 5041)

We have served as the Company's auditor since 2019
Lakewood, CO
April 17, 2023

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BALANCE SHEET

LASER PHOTONICS CORPORATION
BALANCE SHEET
DECEMBER 31, 2022 and DECEMBER 31, 2021

	Year Ended December 31, 2022	2021
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 12,181,799	$ 615,749
Accounts Receivable, Net	1,347,494	84,365
Inventory	1,693,810	1,790,952
Total Current Assets	15,223,104	2,491,066
Other Assets	72,527	3,000
Property, Plant, & Equipment, Net	627,848	698,580
Intangible Assets, Net	2,939,041	3,167,945
Operating Lease Right-of-Use Asset	832,072	499,758
Total Assets	$ 19,694,592	$ 6,860,350
Liabilities & Stockholders' Equity		
Current Liabilities:		
Accounts Payable	$ 190,387	$ 113,443
Deferred Revenue	-	91,775
Current Portion of Operating Lease	344,510	171,757
Accrued Expenses	1,181,000	-
Sales Tax Payable	-	15,456
Total Current Liabilities	1,715,897	392,431
Long Term Liabilities:		
Loans Payable	-	579,012
Operating Lease Liability, less Current Portion	487,562	328,001
Total Long Term Liabilities	487,562	907,013
Total Liabilities	2,203,459	1,299,444
Commitments and Contingencies (Note 3)		
Stockholders' Equity:		
Common Stock Par Value $0.01: 100,000,000 shares authorized; 7,878,419 issued and outstanding as of December 31, 2022; and 4,878,419 issued and outstanding as of December 31, 2021	78,783	48,783
Additional Paid in Capital	18,140,520	5,242,832
Retained Earnings (Deficit)	(728,170)	269,291
Total Stockholders' Equity	17,491,133	5,560,906
Total Liabilities & Stockholders' Equity	$ 19,694,592	$ 6,860,350

See accompanying notes to financial statement

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STATEMENTS OF PROFIT AND LOSS

LASER PHOTONICS CORPORATION
STATEMENTS OF PROFIT AND LOSS
DECEMBER 31, 2022 and DECEMBER 31, 2021

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net Sales	$ 4,954,689	$ 4,190,709
Cost of Sales	2,087,703	2,059,298
Gross Profit	2,866,987	2,131,411
Operating Expenses:		
Sales & Marketing	1,677,975	410,693
General & Administrative	1,823,643	713,339
Depreciation & Amortization	345,291	396,247
Total Operating Expenses	3,846,909	1,520,279
Operating Income (Loss)	(979,922)	611,132
Other Income (Expenses):		
Interest Expense	(24,426)	(49,351)
Other Income	6,887	22,682
Total Other Income (Expense)	(17,539)	(26,669)
Income (Loss) Before Tax	(997,461)	584,462
Tax Provision	0	68
Net Income (Loss)	$ (997,461)	$ 584,394
Income (Loss) per Share:		
Basic	$ (0.18)	$ 0.12
Fully Diluted	$ (0.18)	$ 0.12
Weighted Average Shares Outstanding (December 31, 2021 is reflective of a 1/6 reverse stock split):		
Basic	5,628,419	4,878,419
Fully Diluted	5,638,836	4,878,419

See accompanying notes to financial statements

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STATEMENTS OF LIABILITY AND STOCKHOLDERS' EQUITY/(DEFICIT)

LASER PHOTONICS CORPORATION
STATEMENTS OF LIABILITY AND STOCKHOLDERS' EQUITY/(DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2022

	Common Stock		Additional Paid In	Accumulated	Stockholders'
	Shares	Amount	Capital	Equity/(Deficit)	Equity/(Deficit)
Balance, January 1, 2021[1]	4,878,419	$ 48,783	$ 5,242,832	$ (4,995)	$ 5,286,620
Net income for the year ended December 31, 2021	-	-	-	584,394	584,394
Distribution as of December 31, 2021	-	-	-	(310,280)	(310,280)
Balance, December 31, 2021	4,878,419	$ 48,783	$ 5,242,832	$ 269,291	$ 5,560,906
Shares issued in the IPO	3,000,000	30,000	12,897,688	-	12,927,688
Net income (Loss) for the year ended December 31, 2022	-	-	-	(997,461)	(997,461)
Balance, December 31, 2022	7,878,419	$ 78,783	$ 18,140,520	$ (728,170)	$ 17,491,133

(1) Stock balances retroactively restated for 1-for-6 reverse stock split in December 2021.

See accompanying notes to financial statements

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STATEMENTS OF CASH FLOWS

LASER PHOTONICS CORPORATION
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2022 AND DECEMBER 31, 2021

	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash Flows From:		
OPERATING ACTIVITIES		
Net Income (Loss)	$ (997,461)	$ 584,394
Adjustments to Reconcile Net Income (Loss) to Net Cash Flow from Operating Activities:		
Depreciation & Amortization	345,291	396,247
Net Change, Right-of-Use Asset & Liabilities	-	(28,755)
Change in Operating Assets & Liabilities:		
Accounts Receivable	(1,263,129)	982,010
Inventory	97,142	381,376
Prepaids & Other Current Assets	(69,527)	(3,000)
Accounts Payable	76,944	57,857
Accrued Expenses	1,181,000	
Customer Deposits	(91,775)	(997,633)
Sales Tax Payable	(15,456)	2,791
Net Cash From (Used In) Operating Activities	(736,971)	1,375,287
INVESTING ACTIVITIES		
Purchase of Equipment	-	(2,750)
Purchase of Computers	(16,826)	-
Purchase of Furniture	(24,634)	-
Purchase of Vehicles	-	-
Purchase of R&D Equipment	-	(6,920)
Purchase of Intangible Assets	(4,195)	(219,795)
Net Cash From (Used In) Investing Activities	(45,655)	(229,465)
FINANCING ACTIVITIES		
Proceeds from (Repayment of) Notes	(261,684)	(665,084)
Proceeds from (Repayment of) PPP Loan	(317,328)	118,578
Dividends Paid	-	(310,280)
Proceeds from Sale of Common Stock	12,927,688	-
Net Cash From (Used In) Financing Activities	12,348,676	(856,786)
Net Cash Flow for Period	$ 11,566,050	$ 289,036
Cash - Beginning of Period	615,749	326,713
Cash - End of Period	$ 12,181,799	$ 615,749
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash Paid During the Period for:		
Income Taxes	$ 0	$ 68
Interest	$ 24,426	$ 49,351

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

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 is a vertically integrated manufacturing company for photonics based industrial products and solutions, primarily disruptive laser cleaning technologies. Its 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.

The Company's accounting year end is December 31.

Basis of Presentation

These financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles.

Impact of the Novel Coronavirus

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this registration statement. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations.

Management is actively monitoring the global situation on its financial condition, liquidity, operations, scientific collaborations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Some of our suppliers from China are likely to decrease production due to factory closures or reduced operating hours in those facilities. While these disruptions may be temporary, continued disruption in the supply chain may lead to our delayed receipt of necessary raw materials, component inventory, and negatively impact sales in fiscal year 2022 and our overall liquidity.

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We are dependent on our workforce to deliver our products. Developments such as social distancing and shelter-in-place directives will impact our ability to deploy our workforce effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact sales in fiscal year 2022 and our overall liquidity.

The adverse economic effects of the COVID-19 outbreak are expected not to materially decrease demand for our products based on the restrictions in place by governments trying to curb the outbreak and changes in consumer behavior. However, in spite of those negative effects we were able to achieve our sales goals in fiscal year 2021 and our overall liquidity.

The Covid 19 outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown, which is expected to depress our asset values, including long-lived assets, intangible assets, etc.

Although we cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on our results of future operations, financial position, and liquidity in fiscal year 2023.

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NOTE 2 – 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. Actual results could differ from these estimates. Our significant estimates and assumptions include depreciation and the fair value of our stock, stock-based compensation, debt discount and the valuation allowance relating to the Company's deferred tax assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less at the date of purchase. Cash and cash equivalents are carried at cost, which approximates fair value.

As of December 31, 2022 and December 31, 2021, the Company had $12,181,799 and $615,749 of cash, respectively.

Accounts Receivable

Trade accounts receivable are recorded net of allowance for expected uncollectible accounts. The Company extends credit to its customers in the normal course of business and performs on-going credit evaluations of its customers. All accounts, or portions thereof, that are deemed uncollectible are written off to bad debt expense, as incurred. In addition, most sales orders are not accepted without a substantial deposit. As of December 31, 2022 and December 31, 2021, the Company's ledger had $1,347,494 and $84,365, respectively as a balance for collectible accounts.

Inventory

Inventories are stated at the lower of cost or net realizable value using the first-in first-out (FIFO) method. The Company has four principal categories of inventory:

Sales demonstration inventory -Sales demonstration inventory represents completed product used to support the Company's sales force for demonstrations and held for sale. Sales demonstration inventory is held in the Company's demo facilities or by its sales representatives for up to three years, at which time it would be refurbished and transferred to finished goods as used equipment, stated at the lower of cost or net realizable value. The Company expects these refurbished units to remain in finished goods inventory and sold within 12 months at prices that produce reduced gross margins.

Equipment parts inventory - This inventory represents components and raw materials that are currently in the process of being converted to a certifiable lot of saleable product through the manufacturing and/or equipment assembly process. Inventories include parts and components that may be specialized in nature and subject to rapid obsolescence. The Company periodically reviews the quantities and carrying values of inventories to assess whether the inventories are recoverable. Because of the Company's vertical integration, a significant or sudden decrease in sales activity could result in a significant change in the estimates of excess or obsolete inventory valuation. The costs associated with provisions for excess quantities, technological obsolescence, or component rejections are charged to cost of sales as incurred.

Work in process inventory **-** Work in process inventory consists of inventory that is partially manufactured or not fully assembled as of the date of these financial statements. This equipment, machines, parts, frames, lasers and assemblies are items not ready for use or resale. Costs are accumulated as work in process until sales ready items are compete when it is moved to finished goods inventory. Amounts in this account represent items at various stages of completion at the Registration date.

Finished goods inventory - Finished goods inventory consists of purchased inventory that were fully manufactured, assembled or in salable condition. Finished goods inventory is comprised of items that are complete and ready for commercial application without further cost other that delivery and setup. Finished goods inventory includes demo and other equipment, lasers, software, machines, parts or assemblies.

At December 31, 2022, and December 31, 2021, respectively, the Company's inventory consisted of the following:

Inventory	**Dec 31, 22**	**Dec 31, 21**
Equipment Parts Inventory	759,930	731,863
Finished Goods Inventory	254,656	161,918
Sales Demo Inventory	647,790	885,514
Work in process Inventory	31,434	11,657
Total Inventory	1,693,810	1,790,952

Inventory is stated at the lower of cost (first-in, first-out method) or market value. Inventory includes parts and components that may be specialized in nature and subject to rapid obsolescence. Company maintains a reserve for excess or obsolete inventory items. Inventories are written off and charged to cost of goods sold when identified as excess or obsolete. If future sales differ from these forecasts, the valuation of excess and obsolete inventory may change and additional inventory provisions may be required. Because of our vertical integration, a significant or sudden decrease in sales could result in a significant change in the estimates of excess or obsolete inventory valuation.

On December 31, 2022, the Company recorded $101,698 in inventory obsolescence in comparison to a markdown of $292,268 in the prior year.

Fixed Assets - Plant Machinery and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

Machinery and Equipment

Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The Company will use other depreciation methods (generally accelerated) for tax purposes where appropriate. The estimated useful lives for significant property and equipment categories are as follows:

Category	**Economic Useful Life**
Office furniture and fixtures	3-5 years
Machinery and equipment	5-7 years
Intangible Assets	7-12 years

	December 31	
Fixed Assets	**2022**	**2021**
Accumulated Depreciation	(298,718)	(186,526)
Machinery & Equipment	797,695	797,695
Office & Computer Equipment	25,246	8,420
Office Furniture	55,663	31,029
Vehicles	9,989	9,989
R&D Equipment	37,973	37,973
Total Fixed Assets	627,848	698,580

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As of December 31, 2022, the Company recorded $627,848 of capital assets net of depreciation in comparison to $698,580 recorded on December 31, 2021. Accordingly, depreciation in 2022 was recorded at $112,192 in comparison to $160,117 in 2021.

Intangible Assets

Intangible assets consist primarily of capitalized equipment design documentation, software costs for equipment manufactured for sale, research and development, as well as certain patent, trademark and license costs. Capitalized software and equipment design documentation development costs are recorded in accordance with Accounting Standard Codification ("ASC") 985 "Software" with costs amortized using the straight-line method over a ten-year period. Patent, trademark and license costs are amortized using the straight-line method over their estimated useful lives of 12 years. On an ongoing basis, management reviews the valuation of intangible assets to determine if there has been impairment by comparing the related assets' carrying value to the undiscounted estimated future cash flows and/or operating income from related operations.

The Company's intangible assets are deemed to have indefinite lives and, accordingly, are not amortized, but are evaluated for impairment at least annually, but more often whenever changes in facts and circumstances occur which may indicate that the carrying value may not be recoverable. The customer list was deemed to have a life of five years and will be amortized through December 2025.

The Company employs various core technologies across many different product families and applications in an effort to maximize the impact of our research and development costs and increase economies of scale and to leverage its technology-specific expertise across multiple product platforms. The technologies inherent in its laser equipment products include application documentation, proprietary and custom software developed for operation of its equipment, specific knowledge of supply chain and, mostly important, equipment design documentation, consisting of 3D engineering drawings, bills of materials, wiring diagrams, parts AutoCad drawings, software architecture documentation, etc. Intangible assets were received from a related party, ICT Investments, and therefore transferred and booked by Laser Photonics Corp. at their historical cost.

Historically, ICT Investments acquired IP through various acquisitions and business combinations as a part of its ordinary line of business, mainly concentrated within the photonics industries. A variety of IP was accumulated over a 20-year time frame and compiled from the IP of various portfolio companies, acquired for cash in various public auctions, and contributed in a normal cause of business in different entities and start-ups. Historical IP costs are typically reflected mostly in reviewed financial statements and from purchase receipts, which form the historical base of Intellectual Property invested or contributed, or sold to a to a selected company.

In addition, on December 31, 2022 intangible assets were tested for fair market value and an impairment analysis of intangible assets was conducted, which can be found in the attachments to this Annual Report on Form 10-K. To perform a fair market evaluation of its portfolio assets the Company is using the practical studies and recommendations published by the leading financial auditing institutions such as Ernst & Young and Deloitte, in particular the "25% Rule" method income approach:

	December 31st	
Intangible Assets	**2022**	**2021**
Accumulated Amortization	(469,229)	(236,130
Customer Relationships	211,000	211,000
Equipment Design Documentation	2,675,000	2,675,000
Operational Software & Website	305,470	301,275
Trademarks	216,800	216,800
Total Intangible Assets	2,939,041	3,167,945

As of December 31, 2022 and December 31, 2021, the Company had $2,939,041 and $3,167,945, respectively of intangible property.

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Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from use of the assets and their ultimate disposition. In instances where impairment is determined to exist, the Company writes down the asset to its fair value based on the present value of estimated future cash flows.

Liabilities

Liabilities Consist of Current Liabilities and Long-Term Liabilities.

	31-Dec-22	31-Dec-21
Liabilities		
Current Liabilities		
Accounts Payable	190,387	113,443
Deferred Revenue	-	91,775
Accrued Expenses	1,181,000	
Lease liability current portion	344,510	171,757
Sales Tax Liability	-	15,456
Total Current Liabilities	1,715,897	392,431
Long Term Liabilities	487,562	907,013
Total Liabilities	2,203,459	1,299,444

As of December 31, 2022, and December 31, 2021, total liabilities were recorded at $2,203,459 and $1,299,444, respectively.

Current Liabilities

Our current liabilities consist of accounts payable, accrued expenses, deferred revenue, and the current portion of lease liability.

Sales Tax Liability

Sales tax liability is created when the Company sells equipment and services to another entity located in the State of Florida. Currently the sales tax rate in the Company's County of business is 6.5%. As of December 31, 2022, we had zero sales tax liability as compared to $15,456 recorded at December 31, 2021.

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Accounts Payable

Accounts payable consist of short-term liability to our vendors and sub-contractors, who extend credit terms to the Company or deliver goods or services with delayed payment terms. As of December 31, 2022, and December 31, 2021, our accounts payable were recorded at $190,387 and $113,443, respectively.

Deferred Revenue

The Company requires deposits on most sales orders. These deposits are recorded as deferred revenue until such time as the revenue recognition criteria for that order is completed. As of December 31, 2022, and December 31, 2021, the Company's deferred revenue liabilities were recorded at zero and $91,775, respectively.

Long Term Liabilities

Our long-term liabilities consist of related party loans and our recorded lease liability, less the current portion.

	December 31	
Long Term Liabilities	**2022**	**2021**
ICT Investments Loans		
Note 2	-	261,684
Note 1	-	-
Total ICT Investments Loans	-	261,684
PPP Loan	-	317,328
Lease liability, less Current Portion	487,562	328,001
Total Long Term Liabilities	487,562	907,013

In January 2020, the Company issued a promissory note to ICT in the principal amount of $439,990 bearing 6% annual interest with a maturity date of January 31, 2023. This was paid in full as of December 31, 2021.

In October 2020, the Company issued a second promissory note to ICT in the principal amount of $745,438 bearing 6% annual interest with a maturity date of December 31, 2023. This note was carried at $261,684 as of December 31, 2021, but was paid in full as of December 31, 2022.

As of December 31, 2022, there were no loan balances owed by the Company.

Liquidity and Capital Resources

For the year ended December 31, 2022, the Company's liquidity needs were met organically, as well as through the issuance of 3,000,000 new shares to the public at a price of $5.00 per share.

The following is a summary of the Company's cash flows provided by (used in) operating, investing and financing activities:

	Year ended December 31	
	2022	**2021**
Net cash provided by Operating Activities	(736,971)	1,375,287
Net cash provided by Investing Activities	(45,655)	(229,465)
Net cash provided by Financing Activities	12,348,676	(856,786)
Net cash increase for period	11,566,050	289,036
Cash at the beginning of period	615,749	326,713
Cash at end of period	12,181,799	615,749

On December 31, 2022, the Company had $14,715,024 in total working capital, in comparison to $2,098,635 on December 31, 2021:

	Year Ended December 31	
	2022	2021
Cash And Cash Equivalents	12,181,799	615,749
Working Capital (excluding cash and cash equivalents)	1,325,408	1,482,886
Total Working Capital	13,507,207	2,098,635

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from use of the assets and their ultimate disposition. In instances where impairment is determined to exist, the Company writes down the asset to its fair value based on the present value of estimated future cash flows.

Earnings/(Loss) per Share

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to stockholders by the weighted-average number of shares outstanding for the period. Diluted earnings/(loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in the earnings/(loss) of the Company. Diluted earnings/(loss) per share is computed by dividing the earnings/(loss) available to stockholders by the weighted average number of shares outstanding for the period and dilutive potential shares outstanding unless such dilutive potential shares would result in anti-dilution.

On December 31, 2022, the Company recorded $0.18 diluted loss per share, as compared to $0.12 diluted earnings per share on December 31, 2021.

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, the Company 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 recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Refunds and returns, which are minimal, are recorded as a reduction of revenue. Payments received by customers prior to our satisfying the above criteria are recorded as unearned income in the combined balance sheets.

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

Fair Value of Financial Instruments

The Company applies the accounting guidance under Financial Accounting Standards Board ("FASB") ASC 820-10, "Fair Value Measurements", as well as certain related FASB staff positions. This guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact business and considers assumptions that marketplace participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The guidance also establishes a fair value hierarchy for measurements of fair value as follows:

- ☐ Level 1 - quoted market prices in active markets for identical assets or liabilities.
- ☐ Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- ☐ Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amount of the Company's financial instruments approximates their fair value as of December 31, 2022, due to the short-term nature of these instruments.

Tax Loss Carryforwards

The Company recognizes deferred tax assets and liabilities for the tax effects of differences between the financial statement and tax basis of assets and liabilities. A valuation allowance is established to reduce the deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

Off-Balance Sheet Arrangements

During the years ended December 31, 2022 and 2021, the Company did not engage in any off-balance sheet arrangements as defined in item 303(a)(4) of the SEC's Regulation S-K.

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Recent Accounting Pronouncements

The Company evaluates all Accounting Standard Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB") for consideration of their applicability. ASUs not included in our disclosures were assessed and determined to be either not applicable or are not expected to have a material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The guidance removes certain exceptions for recognizing deferred taxes for equity method investments, performing intra period allocation, and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for goodwill and allocating taxes to members of a consolidated group, among others. The guidance is effective for interim and annual reporting periods beginning after December 15, 2020. Early adoption of this standard is permitted, including adoption in interim or annual periods for which financial statements have not yet been issued. The transition requirements are dependent upon each amendment within this update and will be applied either prospectively or retrospectively. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* was issued by the FASB in July 2018 and allows for a cumulative-effect adjustment transition method of adoption. The new guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those years.

We adopted ASU 2016-02 effective as of January 1, 2020 utilizing the cumulative-effect adjustment transition method, which resulted in the recognition of $832,072 for right-of-use assets for operating leases as of December 31, 2022.

The adoption of ASU 2016-02 also required us to include any initial direct costs, which are incremental costs that would not have been incurred had the lease not been obtained, in the right-of-use assets. The recognition of these costs in connection with our adoption of this guidance did not have a material impact on our financial statements.

In June 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". The update removes all incremental financial reporting requirements from GAAP for development stage entities, including the removal of Topic 915 from the FASB Accounting Standards Codification. In addition, the update adds an example disclosure in Risks and Uncertainties (Topic 275) to illustrate one way that an entity that has not begun planned principal operations could provide information about the risks and uncertainties related to the company's current activities. Furthermore, the update removes an exception provided to development stage entities in Consolidations (Topic 810) for determining whether an entity is a variable interest entity-which may change the consolidation analysis, consolidation decision, and disclosure requirements for a company that has an interest in a company in the development stage. The update is effective for the annual reporting periods beginning after December 15, 2014, including interim periods therein. Early application with the first annual reporting period or interim period for which the entity's financial statements have not yet been issued (Public business entities) or made available for issuance (other entities). The Company adopted this pronouncement for the year ended December 31, 2014.

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In June 2014, FASB issued Accounting Standards Update (“ASU”) No. 2014-12, “Compensation – Stock Compensation (Topic 718); Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period”. The amendments in this ASU apply to all reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. For all entities, the amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. Entities may apply the amendments in this ASU either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. If retrospective transition is adopted, the cumulative effect of applying this Update as of the beginning of the earliest annual period presented in the financial statements should be recognized as an adjustment to the opening retained earnings balance at that date. Additionally, if retrospective transition is adopted, an entity may use hindsight in measuring and recognizing the compensation cost. This updated guidance is not expected to have a material impact on our results of operations, cash flows or financial condition. Company is currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In August 2014, the FASB issued Accounting Standards Update “ASU” 2014-15 on “Presentation of Financial Statements Going Concern (Subtopic 205-40) – Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. Currently, there is no guidance in U.S. GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern or to provide related footnote disclosures. The amendments in this Update provide that guidance. In doing so, the amendments are intended to reduce diversity in the timing and content of footnote disclosures. The amendments require management to assess an entity’s ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management’s plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management’s plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). Company is currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

NOTE 3 – RELATED PARTY TRANSACTIONS

ICT Investments owns 4,688,695 shares of the Company’s common stock. Prior to the closing of the Company’s IPO on October 4, 2022, this represented 96.1% of the total shares outstanding. As of December 31, 2022, ICT Investments owns 59.5% of the total shares outstanding. Dmitriy Nikitin is the Managing Partner of ICT Investments, and has controlled the Company since its inception.

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 of these transactions were on terms as favorable as could have been obtained from unrelated third parties.

On December 31, 2019, Sales demonstration equipment valued at $505,506 was transferred to the Company from ICT Investments, in exchange for 443,554 shares of our common stock.

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During the year 2020, ICT Investments made additional investments in the Company, consisting of inventories, certain capital manufacturing equipment, office and computer equipment, intangible assets consisting of 3D engineering design documentation, a manufacturing database, and a customer relationship database with populated CRM, valued in total at $4,786,109, in exchange for 4,434,865 shares of its common stock.

Tatiana Nikitina, the daughter of Dmitriy Nikitin, was a Director of the Company until the Company's IPO. In 2020, she also held the role of Marketing Director, during which time she created the Company's Marketing Department and trained personnel. On December 31, 2020, she received directly from ICT Investments 41,667 shares in the form of re-assignment, for recognition of contributions to the Company.

Arnold Bykov, the Company's Chief Equipment Design Engineer, was a Director of the Company until the Company's IPO. On December 31, 2020, he received directly from ICT Investments 46,297 shares in the form of re-assignment, for recognition of contributions to the Company.

On December 31, 2020, the Company's President, Wayne Tupuola, received directly from ICT Investments 101,760 shares in the form of re-assignment, for recognition of contributions to the Company.

The Company initially entered into a sub-lease with ICT Investments, for a portion of the space that ICT Investments had leased from the landlord. In January 2020, the Company assumed the entire lease for the full space, and on September 30, 2021, the Company entered into a direct lease with the landlord for this space, which now comprises the Company's main office and manufacturing plant. The Company's current monthly lease payment for this space, in the amount of $15,549, represents a direct payment to the landlord and is a fair market rate for comparable leases

In January 2020, the Company issued a promissory note 1 to ICT Investments in the principal amount of $439,990 bearing 6% annual interest with a maturity date of January 31, 2023. This note was paid in full as of December 31, 2020.

In October 2020, the Company issued a promissory note 2 to ICT Investments in the principal amount of $745,438 bearing 6% annual interest with a maturity date of December 31, 2023. This Note was paid in full as of December 31, 2022.

In September 2022, the Company issued a promissory note to ICT Investments in the principal amount of $100,000 bearing 10% annual interest with a maturity date of September 29, 2023. This note was paid in full as of December 31, 2022.

During the years ending December 30, 2022 and 2021, the Company paid $133,212 and $83,744, respectively, to Dmitriy Nikitin for advisory fees and allowances.

During the year ending December 30, 2022, the Company paid $86,914 to ICT Investments for accounting services and SEC filing related work.

During the year ending December 30, 2022, the Company paid $86,460 to ICT Investments for product components and raw materials.

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NOTE 4 – STOCKHOLDERS' EQUITY/DEFICIT

As of December 31, 2022 and 2021, Stockholders' Equity was $17,491,133 and $5,560,906, respectively. In accordance with ASC 260-10-55-12, Stockholders' Equity is retroactively calculated for the impact of a 1-for-6 reverse stock split in December 2021.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company has committed to lease 18,000 SF of manufacturing space at the current monthly cost of $15,549, with a 3% annual escalator. This lease commitment expires on October 28, 2024. The Company has also committed to lease an additional 8,000 SF of office space at the current monthly cost of $14,805, with a 3% annual escalator. This lease commitment expires on December 31, 2025.

NOTE 6 – ADVANCES

During its operations in the fiscal year ended December 31, 2022, the Company did not accrue any costs which were unpaid through the cash proceeds or the sale of capital stock.

NOTE 7 – SUBSEQUENT EVENTS

There were no subsequent events for the Company between January 1, 2023 and the date of the audit report issuance for this form 10-K.

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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 Chief 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 and Chief Financial Officer concluded as of December 31, 2022 that the Company's disclosure controls and procedures were ineffective insofar as the information required to be disclosed in the Company's United States Securities and Exchange Commission (the "SEC") reports is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

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, 2021, the Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, concluded that its internal controls over financial reporting were ineffective as of December 31, 2022.[1]

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' Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), 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.

Material Weakness Identified

During the quarter ended June 30, 2022, the Company discovered errors and omissions in its historical financial statements. We determined that a restatement of our December 31, 2021 audited financial statements was required after discussions among management and our independent registered public account firm, BF Borgers, CPA PC, due to the incorrect presentation of the Statement of Cash Flows, inconsistent with the requirements of ASC 230-10-45, and ASC 842-20-45-5. As part of the restatement processes, we identified material weaknesses in our internal control over financial reporting and concluded that our internal controls over financial reporting and disclosure controls and procedures were ineffective as of December 31, 2021.

A material weakness is a deficiency, or a 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 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 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.

Changes in Internal Control over Financial Reporting

Management has taken, continues to work with, and plans to implement the following to improve its internal control over financial reporting:

- In January 2021, we launched a comprehensive management software system that is initially being utilized to track sales orders, purchase orders and inventory. This system is scalable, and we plan to expand this system and integrate this with our accounting systems to strengthen our internal controls and disclosure controls and procedures.

- In February 2022, we engaged MKA CPAs & Advisors, a regional advisory firm that provides outsourced accounting services, to assist us with month end closing activities and financial statement preparation, including compilation of monthly and annual balance sheets and statements of operations, in accordance with Statements on Standards for Accounting Review Services promulgated by the AICPA.

- In April 2022, we engaged CFO Systems, LLC, an outsourced CFO consultancy, to assist with the preparation of, and revisions to, the financial information presented in the Registration Statement, as well as to implement any improvements or enhancements to such financial information as incorporated into our periodic reports, such as this Form 10-Q.

- In July 2022, we hired for the first time a Vice President of Finance with extensive financial planning and reporting experience in manufacturing and distribution, including larger public Company settings, to serve as both our Principal Accounting Officer and Principal Financial Officer. Subsequently promoted to the role of CFO upon the closing of our IPO, he establishes strict financial reporting leadership and assumes responsibility for the development of a comprehensive system of reporting controls, including the onboarding of additional specialized accounting expertise once the business grows and evolves.

- We plan to use a portion of the proceeds of the IPO to expand our financial reporting capabilities, provide training on public Company financial reporting to relevant personnel, and to enhance our accounting systems, as mentioned in the previous bullets.

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.

Inherent Limitations on Effectiveness of Controls

Our management does not expect that the disclosure controls or our 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 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 our 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 error or mistake. 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 controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions of deterioration in the degree of compliance with policies or procedures.

ITEM 9B. OTHER INFORMATION

None

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is set forth under the captions "*Items to be Voted upon —1. Election of Directors,*" "*Executive Officers,*" and "*Corporate Governance*" in our definitive Proxy Statement for the 2023 Annual Meeting of Stockholders and incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth under the captions "*Compensation Discussion and Analysis,*" "*Summary Compensation Table,*" "*Grants of Plan-Based Awards in 2022,*" "*Outstanding Equity Awards at December 31, 2022,*" "*Nonqualified Deferred Compensation*", "*Defined Contribution Plan*", "*Stock Option and Other Employee Benefit Plans*","*2019 Stock Incentive Plan*", "*2022 Director Compensation*", and "*Limitation of Liability and Indemnification*" in our definitive Proxy Statement for the 2023 Annual Meeting of Stockholders and incorporated herein by reference.

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

The information required by this item is set forth under the caption "*Security Ownership of Certain Beneficial Owners and Management*" in our definitive Proxy Statement for the 2023 Annual Meeting of Stockholders and incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is set forth under the captions "*Certain Relationships and Related Transactions*" and "*Corporate Governance*" in our definitive Proxy Statement for the 2023 Annual Meeting of Stockholders and incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Our independent registered public accounting firm is BF Borgers CPA PC Auditor Firm ID:.

The information required by this item is set forth under the caption "*Items to be Voted upon — 2. Ratification of Appointment of Independent Registered Public Accountants*" in our definitive Proxy Statement for the 2023 Annual Meeting of Stockholders and incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES

INDEX TO FINANCIAL STATEMENTS

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

Laser Photonics, Corporation December 31, 2022 and 2021 Audited Financial Statements

Report of Independent Registered Accounting Firm

Balance Sheet

Statement of Profit and Loss

Statement of Liability and Stockholders' Equity (Deficit)

Statement of Cash Flows

Notes to Financial Statements

(b) Exhibits.

See the Exhibit Index immediately following the signature page to this Annual Report on Form10-K.

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 17, 2023	By:	/s/ Wayne Tupuola
	Name:	Wayne Tupuola
	Title:	President and CEO (Principal Executive Officer)
April 17, 2023	By:	/s/ William J. Campbell
	Name:	William J. Campbell
	Title:	Interim CFO (Principal Accounting Officer and Principal Financial Officer)

POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints Wayne Tupuola as his true and lawful attorney-in-fact and agents, with full power of substitution and re substitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorney-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Laser Photonics Corporation

April 17, 2023	By:	/s/ Wayne Tupuola
	Name:	Wayne Tupuola
	Title:	President and CEO (Principal Executive Officer)

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EXHIBIT INDEX

Exhibit	Description
3.1+	Certificate of Incorporation of the Registrant
3.2+	Certificate of Amendment to the Certificate of Incorporation of the Registrant.
3.2+	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 2, 2020 between Laser Photonics Corporation and ICT Investments, LLC
10.4+	Promissory Note dated September 30, 2022 issued by Laser Photonics Corporation to ICT Investments, LLC
14.1	Code of Ethics
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
101.INS	Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	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